


CLIENTS



— for —

LIFE



Simon & Schuster, publisher, 2000.

HOW GREAT PROFESSIONALS DEVELOP BREAKTHROUGH RELATIONSHIPS

Jagdish Sheth and Andrew Sobel

INTRODUCTION

WE WOULD ALL LIKE to have loyal clients who come back to us year after year. Clients who treat us as valued professionals and seek our advice on their most important issues and problems. Clients who don't shop around each time they think about buying our services, who come back because they will always get fresh perspectives, insights, and ideas from us and because they trust us. Clients who will enthusiastically recommend us to others even if we aren't serving them at that moment.

Reflect for a moment on your own client relationships. If you're like most professionals, you may have a few loyal clients, such as the ones we've just described, who have drawn you into their inner circle of advisers. They consult you on a broad range of issues and wouldn't dream of using a competitor to provide your service.

Others, though, are just buying your expertise—they use you because you have specific knowledge and skills that you deliver at a competitive price. The next time around, however, these same clients may very well turn to someone else. They view you as a commodity.

Somewhere in the middle are those bread-and-butter clients who keep asking you back, year after year, but never seem to let you get very close to them. You may have worked for them for years, but your influence and the scope of your work is limited; and although they feel *some* loyalty to you, it's not enough to prevent them from switching to someone else if they see a major economic benefit.

Do you wish you had more clients who would draw you

into their inner circle? Do you sometimes feel you're treated like a vendor instead of a respected professional? Would you like to compete less on price and more on the *value* you can add? Is it getting harder to differentiate yourself from other professionals in your field, be they other management consultants, lawyers, or accountants?

If you answered yes to some or all of these questions, we wouldn't be surprised. The fact is, most professionals are on a journey—defined by the role they play with their clients—and few have finished it. When it begins, you're an expert for hire who offers information and expertise to your clients on a transaction basis. Further along, you may earn the right to be a steady supplier, and you'll be asked back repeatedly. When you've reached the final and most rewarding stage, you'll become a trusted adviser who consistently develops collaborative relationships with your clients and provides insight rather than just information. At this stage you will have *break-through* relationships. Because of the broad, influential role that you play and the unusual degree of trust that you develop, these relationships will be of a significantly higher order than the run-of-the-mill associations that so many professionals have with their clients.

This developmental journey—from expert for hire to trusted adviser—is the focus of *Clients for Life*. From extensive research, we have developed a client-validated model for success—a roadmap of the specific characteristics that underlie extraordinary performance with clients—that will help you establish and sustain more of these enduring, advisory relationships.

FORGET CONVENTIONAL WISDOM

The abiding client relationships we're talking about not only bring us immense personal and professional satisfaction, but in fact they make our careers. Unfortunately, the conventional wisdom about how to develop them and achieve professional success is woefully inadequate. "Do

good work, act with integrity, and the rest will follow" has been the time-honored prescription for individuals who sell and deliver services. "Find an area to specialize in, focus on it, and make your name there" could be added to the nostrum.

Clients today are highly sophisticated, educated, and informed buyers who select professionals from increasingly competitive and mature service industries. In a world of continual corporate cost-cutting and almost unlimited information, institutional buyers have less loyalty to suppliers than ever before. Studies have shown, for example, that over 50 percent of executives who switch providers say they were "satisfied" with them before switching.¹ And though specialization is important to a point, the corporate leaders we have interviewed say that most of the highly specialized professionals they deal with are incapable of advising them on broader business issues. You have to do far more, in other words, than "satisfy" your clients and do a "good job" if you want to create long-term loyalty and enter into the collaborative relationships that allow you to have a major impact on your clients and their decisions.

WHY DO SOME PROFESSIONALS COMMAND ENDURING CLIENT LOYALTY?

The genesis of this book lay in a simple observation: the telephones of some professionals we knew never stopped ringing—clients called them, rather than vice versa. At the same time, we saw others treated like vendors by their clients: these professionals were constantly challenged on price, and they often struggled to get new business through laborious RFPs (requests for proposal) that eliminate practically all human contact during the client's decision-making process.

Was the difference just that the former worked harder, were smarter, and did higher-quality work? These were the obvious reasons, and while certainly relevant, they did not provide anything near a satisfactory explanation for the in-

tense client loyalty we observed. After all, we also knew many smart, hard-working professionals who were *not* able to develop so many loyal clients. Clearly, these qualities were necessary but not sufficient.

We set out, then, to comprehensively research and answer a series of fundamental questions: Why do some professionals manage to develop long-term relationships and become trusted business advisers to their clients while others get called in on a one-off basis like commodities? What qualities do leaders look for in the professionals—in fields as diverse as law, consulting, finance, and technology—whom they bring into their inner circle? How do clients define value?

Our starting point was our own fifty years of combined experience in advising senior managers in many organizations around the world. We went well beyond our own personal experience, however, and spoke at length with the present and past leaders of dozens of major corporations, such as Kodak, BellSouth, Cox Communications, Motorola, American Express, Citibank, Eli Lilly, and General Electric, listening as these chief executives shared their *lifetimes* of experience in buying services and seeking advice from professionals. These interviews were eye-opening, and they debunked many of the widely held notions about why clients value certain professionals over others. We were struck by the dissatisfaction many clients expressed about the outside professionals they engaged and by the difficulty they experienced in finding truly objective individuals to help them resolve their most important issues.

We then extensively interviewed a number of well-known advisers who counsel and consult to leading executives and politicians, as well as many less-known but high-performing professionals who face the same day-to-day challenges that we all do in trying to build client relationships. We studied some of the greatest advisers in history, such as Aristotle, Thomas More, J. P. Morgan, George Marshall, David Ogilvy, and Henry Kissinger, individuals you'll meet later on in the book.

The result is that we have identified the *essence* of what it takes to become an extraordinary professional and consistently provide value to clients. In the pages that follow, we illustrate, step-by-step, how you can develop the attributes and attitudes that will enable you to develop your own breakthrough client relationships.

Our title, *Clients for Life*, has several distinct meanings. The first is literal: this book is about how to develop lifetime clients—or at least long-term ones—when such a relationship is mutually beneficial for the client and the professional.

Second, the title is figurative because in some cases a continual relationship may not be practical, realistic, or even desired. A client, for example, may need the ongoing services of an accountant every year for many years, whereas he might call in a management consultant or executive recruiter only once every four or five years. A few professionals may also choose a transactional model of serving clients, where they work on specific issues rather than on a retainer basis (the law firm Wachtell, Lipton, Rosen & Katz, for example, successfully adopted this approach in the early 1970s). Even a transactional strategy, however, will succeed or fail based on having repeat clients.

Clients, thus, can be *attitudinally* loyal for life—they remember us for having done an outstanding job, they call us back if they ever need our particular service again, and they enthusiastically recommend us to others.

CLIENTS FOR LIFE: WHO CAN BENEFIT?

This book is intended for professionals who serve clients. We define a *professional* as someone who practices an occupation requiring a high degree of education and training, and who has clients rather than customers. This definition includes not just service professionals, but also technology consultants and sales executives who sell a complex product. It does not include teachers or musicians, for example, because they don't have individual or organiza-

tional clients the way consultants and accountants do, although this is not to say these and other types of professionals can't profit from reading our book.

The professionals we have studied and use as exemplars are drawn from a variety of fields, including consulting, law, accounting, advertising, finance, medicine, sales, and the military. Although each profession has specific skills and knowledge that its practitioners must master—consumer behavior for an advertiser, financial reporting requirements if you're an accountant, contract law if you're a lawyer, and so on—we have found that achieving client leadership is premised on a set of common factors that *transcend* individual professional requirements.

All types of professionals—and their clients—can benefit from long-term relationships. These relationships give you the opportunity to engage in extensive client learning, which greatly increases your ability to offer tailored solutions, develop new ideas, and provide germane insights rather than generic platitudes. They are also the proving grounds where you can expand your service offering and therefore your professional experience—a loyal client who trusts you will try you out in areas that a new client wouldn't let you touch. Finally, the positive financial impact of having even just a few lifelong advisory relationships, if they are managed profitably, can be enormous.

The distinction between a client and a customer is more than semantic. Customers, for example, buy a product or service with well-defined characteristics that match their needs, with little or no negotiation and discussion between buyer and seller; the professional's relationship with a client, in contrast, has a consultative aspect to it—there is give-and-take to clarify needs, identify problems, and recommend solutions. While there doesn't have to be a personal relationship between a customer and the seller of the product or service, with a client there is typically a close, personal relationship with a high degree of trust. And finally, a professional offers a client an authoritative body of knowledge and expertise. So while the customer can have it his way at Burger King, a client taking

tax advice *can't* always have it his way (unless he wants to get into trouble with the IRS).

Our focus on clients, therefore, is a deliberate one. If you have customers, your relationships will tend to be narrow in scope, whereas if you serve clients, you have the opportunity to develop the collaborative, broad-gauge relationships that are the focal point of this book.

Although there has been much research and writing on the subject of customer loyalty and retention, a different approach is required for sophisticated clients who buy complex products and services. For example, although we may believe that the customer is always right—a standard prescription for managing customers—we sometimes have to tell our clients how they are wrong and why we disagree with them.

WHAT KIND OF PROFESSIONAL ARE YOU?

There are three types of professionals who will especially benefit from this book. The first group includes service professionals—lawyers, management and technology consultants, accountants, corporate bankers, financial advisers, executive recruiters, advertising executives, and so on. These individuals are in an ideal position to become broad-based business advisers to their clients: their services are of high strategic importance to their clients, and they are intimately involved in the sale and delivery of the service. If you are one of these professionals, all of the material in this book should speak directly to you.

The second group consists of sales executives who want to be considered *business consultants* rather than simply salespeople. If you sell a complex product or service that is critical to your client's business, such as telecommunications systems, computer equipment, power plants, or mission-critical software, your client will have a significant need for advice and consultation, and the opportunity exists for you to become an *adviser* to him rather than just a salesperson. By ap-

plying the concepts in this book, you can truly distinguish yourself in the sales world.

Finally, professionals who are staff or functional managers within corporations can also profit from the concepts in this book. Human resources or finance specialists who report to line executives, for example, face the same challenges that outside professionals do in creating value, and they are held back by similar barriers. The frameworks in chapters 3 through 6 in particular, covering topics such as becoming a deep generalist and cultivating big-picture thinking skills, will help you to think and act less like an employee and more like a client-focused, independent professional who continually builds personal intellectual capital.

In chapter 1 we look at some extraordinary professionals who have consistently engaged clients for life, identify how they add value, and discuss the barriers that prevent other professionals from achieving the same level of success. Chapters 2 through 8 describe the seven core attributes of great client advisers—the ingredients for success with clients—and provide specific suggestions for how you can cultivate these qualities. Chapter 9 outlines the major pitfalls that professionals can fall into as they develop and manage client relationships, and it describes some particular types of clients that need to be either avoided or carefully managed. Chapter 10, “The Soul of the Great Professional,” captures the intangible but fundamental outlooks characteristic of great professionals and illustrates the importance of seizing *breakthrough* opportunities in your client relationships.

Throughout the chapters, we have used famous historical advisers as well as highly accomplished contemporary professionals to illustrate the journey from *expert for hire* to *trusted adviser*. By the end of this book, you should have a firmer understanding of what made each successful, and how you can develop more of your own enduring advisory relationships.

ONE

WHAT CLIENTS WANT

From Knowledge Worker to Wisdom Worker

The great professional helps you eliminate issues that are not a problem, and then he focuses you in on the really critical dimensions of the situation. You are permitted to be a bit confused and general. And at the right moment, the good ones ask the right questions. It's an iterative process; you don't want someone peddling a solution, who comes with an agenda—which many do. The good adviser excels at the integration process, but he doesn't necessarily arrive at the solution for you. He knows my industry, but is broader than that. Finally, he can bring you comfort as well. Empathy, not sympathy.

RAY SMITH, former chairman and CEO, Bell Atlantic

IN JANUARY OF 1941, President Franklin D. Roosevelt invited Wendell Willkie, who had lost his own bid for the presidency the year before, to visit him at the White House. Sitting in front of the fireplace in the Oval Office, Willkie steered the topic of conversation to Harry Hopkins, who was Roosevelt's most trusted adviser. Hopkins had been instrumental in helping Roosevelt clarify and achieve his objectives as president, undertaking sensitive diplomatic missions to meet Churchill and Stalin and providing sage counsel during times of crisis. Self-effacing, incorruptible, and enormously capable, Hopkins nonetheless drew fierce criticism because of his intimate relationship with Roosevelt. “Why,” asked

Willkie, “do you keep Hopkins so close to you? You surely must realize that people distrust him and resent his influence.”

Roosevelt stared directly at Willkie and replied, “Some day you may well be sitting here where I am now as president of the United States. And when you are, you’ll be looking at that door over there and knowing that practically everybody who walks through it wants something out of you. You’ll learn what a lonely job this is and discover the need for somebody like Harry Hopkins who asks for nothing except to serve you.”¹

The extraordinary advisers among today’s professionals—those individuals who develop *breakthrough* client relationships—share many characteristics with Harry Hopkins, and they are as valued by their clients as Hopkins was by Roosevelt. Let’s begin by looking at two in particular, James Kelly and Nancy Peretsman.

James Kelly: The Ultimate Corporate Troubleshooter

Management consultant James Kelly always seems to work a bit of magic with his top management clients. Having founded and led a major international consulting firm, Kelly now advises a small group of senior executives on issues ranging from corporate strategy to leadership and organization design, frequently shuttling between Europe and the United States. He combines deep expertise about corporate strategy development with a remarkable breadth of knowledge of other functional areas, such as finance, marketing, and operations, and then layers in empathetic listening, well-developed powers of intellectual synthesis, and keen judgment.

Win Bischoff, chief executive of the leading British merchant bank Schrodgers, has used Kelly as his adviser for eighteen years. As an investment banker and a company CEO, Bischoff is himself a master of the advice business, and a very discerning client. Talking about Kelly, he says, “What sets him apart is his genuine, deeply felt conviction; his bedside man-

ner—important here in Europe—which is relaxed and non-threatening; his empathy and listening skills; and the fact that he’s able to see the big picture very clearly. Sometimes he offers specific ideas or solutions, but on other occasions he helps us arrive at them ourselves.” Bischoff’s praise is not surprising: over the years Kelly has pushed Schrodgers in some controversial directions—encouraging it to stay out of the equity brokerage business in the United Kingdom, for example—that turned out to be dead right for this highly successful merchant bank.

Sir Brian Pitman, chairman of Lloyds TSB Group and another client of Kelly’s, echoes Bischoff’s praise: “Back in the mid-1980s, Kelly and his team confronted us with an insight that proved catalytic—that our cost of equity was higher than we thought, and we weren’t earning it. This was well before ‘shareholder value’ became a buzzword or ‘economic value added’ was in vogue. He helped set us on a path to maximize shareholder value, and our market capitalization today places Lloyds TSB among the top five banks in the world.”

Kelly hasn’t always inhabited the heights of the boardroom, however. He vividly recalls selling accounting systems door-to-door in Harvard Square in the early 1960s, during his first few years working as a consultant for Dick Vancil, the head of Harvard Business School’s accounting department. Some formative and humbling experiences—for example, starting a European business from scratch—helped him to evolve from a business *expert* to a business *adviser* by developing his empathy, knowledge breadth, and judgment skills.

Nancy Peretsman: A Relationship Banker Conquers the Internet

It’s no accident that Nancy Peretsman, an investment banker who heads the media group for Allen & Company, was the financial adviser on \$77 billion in mostly Internet-related deals during the first half of 1999 alone. In an industry where client loyalties can shift frequently and unpredictably, Perets-

man commands an exceptionally loyal client base that she has developed during her twenty-year career.

A large part of her success is her ability to see the big picture. While other bankers are driving headlong into the next deal without pause, she takes time to reflect on the long-term direction of the media industry and the opportunities that may present themselves. "I operate in a somewhat old-fashioned way with my clients," Peretsman tells us. "I try to give them a world view about what's happening in and around their industries, and of the role that they might play."

Despite being a star in a galaxy known for big egos, and having been recently named one of the ten most powerful women in American business, Peretsman is remarkably down-to-earth. Instead of exercising her hard-earned right to lord over teams of associates working twenty-hour days, she still routinely rolls up her sleeves and dives into the day-to-day work of merger transactions. As we'll see later on, this has some unusual benefits for her clients.

While working in the United Kingdom on the financing of new cable companies in the late 1980s, Peretsman saw how they were planning to combine video and telephone services and thought this idea would make sense in the United States. Most of the early deals involving cable and telephone companies that she tried to market in this country failed, however, because the idea was just a bit ahead of its time (not anymore—AT&T spent over \$100 billion in 1999 to buy cable companies); but her clients have remembered her prescience at this and other moments, such as when she put her own money on the line to help finance Priceline.com, the now highly valued Internet company that lets you name your own price for airline tickets and hotels. Priceline's founder and chairman Jay Walker has said that "Nancy is the confidante of about twenty moguls . . . she is the last generation of investment bankers whose power is their long-term relationships."²

James Kelly and Nancy Peretsman work in different fields, but each of them is an extraordinary adviser to clients, and each commands enormous client loyalty. They didn't start out their careers as great advisers; in fact, both of them

can cite early difficulties in learning how to develop the long-term, broad-based relationships that they both now enjoy. But they learned from their experiences, and they developed and grew. In addition to their special areas of expertise, they've developed strong powers of synthesis and keen judgment. Like the other great client advisers we'll meet in this book, they are insatiable learners. They know how to listen. They balance selflessness with objectivity and independence. They have deeply felt convictions born of a well-developed value system. And they are able to build trust through their impeccable integrity and discretion. The result? Clients come back to them again and again.

PROFESSIONAL SERVICES AND ADVICE: A \$500 BILLION INDUSTRY

Behind every great leader—in fact, behind most successful individuals—you'll probably find at least one great adviser. Alexander the Great's tutor and counselor was Aristotle, ancient Greece's famed philosopher and scientist. France's King Louis XIII chose as his chief adviser Cardinal Richelieu, who became the architect of modern state government; and President Franklin D. Roosevelt had the services of the trustworthy Harry Hopkins as well as the great General George Marshall. References to famous advisers in history and literature are contained in words like "éminence grise," "mentor," and "Machiavellian"³ which are now fixtures in our modern vocabulary.

Today, a group of over five million service professionals in a variety of fields, such as management consulting, law, banking, advertising, finance, and accounting, have largely replaced the clergymen and philosophers who once advised society's leaders. Collectively, these professionals comprise what is in fact one of the largest industries in the world with over \$500 billion in annual revenue.⁴ If we include all professionals who develop client relationships, such as salespeople,

the total number of individuals who manage and advise clients in the United States is close to 15 million.

Virtually all of the large service firms endeavor to develop advisory or consultative relationships with their clients, emulating those very few—McKinsey in consulting, for example, or Goldman Sachs in investment banking—that have a history and culture of building deep relationships. Stockbrokers are now “financial advisers”; accounting and consulting firms aspire to advise senior management, not just undertake reengineering projects; software programmers are referred to as “consultants”; and companies like Reuters don’t just sell databases but want to be your “information adviser.” Often, however, the words “adviser” and “consultant” lack substance and have a hollow ring to them.

Ironically, just at a time when the professions are experiencing their greatest growth in history, just as so many are striving to become trusted advisers, many clients are in fact *dissatisfied* with the quality of the advice they receive and the attitude of those who give it. It’s getting harder and harder for them to find professionals like James Kelly and Nancy Peretsman.

But why? What holds professionals back from an undeniably attractive role that is highly valued by clients?

BARRIERS TO DEVELOPING BREAKTHROUGH RELATIONSHIPS

Three barriers stand in the way of becoming a business adviser to your clients, and of experiencing the client loyalty and professional fulfillment that accompany this role:

1. *Most professional service firms demand specialization.* If you work for a large consulting or accounting firm, you might become a reengineering expert for the chemical industry or an auditor for automotive companies. This is fine for starters, but the problem is that the more expert

you become in the niche where your company has placed you, the more “valuable”—at least in the short term—your firm thinks you are. This becomes a disincentive to providing you with other experiences.

While there is great benefit in developing a deep expertise, this specialization will eventually become a liability if you want to play a broader-gauge role with clients. Some firms recognize this issue and try to address it by systematically diversifying the experience of their junior staff, but many do not. (This push for specialization, by the way, is pervasive not just in the business world but in medicine, academia, science, and other fields.) In addition, while large firms provide tremendous opportunities and training for young professionals, they also have financial and growth goals that must be met (many are now publicly held companies). Sometimes, these short-term pressures override the long-term process necessary to build deep, trusted client relationships.

2. *Expertise is becoming automated and reduced to a commodity.* Ironically, while service professionals have been major beneficiaries of the late twentieth-century information economy, there are now signs that many types of expertise are losing value. Just as the industrial revolution replaced skilled craftsmen with low-wage factory workers during the early nineteenth century, the “expertise” sold by professionals is becoming easily replicable, more widely available, and increasingly cheaper in our Internet-speed, technology-driven economy. Already, the average incomes of some classes of professionals—doctors, for example—are starting to decline.⁵

Several forces combine to diminish the value of expertise:

- *The supply of service professionals is growing significantly.* The historically rigid controls on the supply of graduates have been relaxed, and many individuals with lesser certifications (e.g., paralegals, physicians’ assis-

tants) are doing the work formerly entrusted to degreed professionals such as lawyers or doctors.

- *Price-based competition has become a permanent feature of the market for professional services.* In the corporate world, most major contracts for professional services are now competitively bid, and the competition (for management consulting and advertising services, for example) can be ferocious.
- *The Internet and expert software now provide unparalleled access to all kinds of expertise, at far lower prices than ever before.* Market research reports that used to cost thousands of dollars or that investment banks provided only to their big-spending corporate clients can now be obtained free over the Internet. Increasingly, professionals are paying to have their “expertise” put in front of clients. A new Web site for CEOs, which already has the participation of big names such as Michael Dell of Dell Computer Corporation, is charging professional firms \$50,000 for the *privilege* of putting their articles or research up on the site.

In other areas, Web-based sales automation is reducing the need for expensive sales forces; and millions of consumers use inexpensive software like TurboTax to do their taxes and even write wills, thus avoiding tax advisers and lawyers.

- *Labor mobility among knowledge workers is increasing.* U.S. firms, for example, are tapping into pools of English-speaking talent in countries such as India, South Africa, and Australia. Law school graduates are crossing over into adjacent fields, such as consulting and investment banking.

The effects of these trends are readily apparent. In fields as diverse as law, accounting, consulting, and technology services there is significant consolidation occurring, with new mergers being announced almost monthly. What used to be the “Big 8” accounting firms are now the “Big 5.” Law firms, which historically en-

joyed long-term retainer relationships with their clients, are being asked to bid competitively for work; some even went out of business altogether in the 1990s, and we are now beginning to see a growth in mergers as law firms consolidate. Consulting firms are being asked by major corporations to submit breakdowns of their cost structure, their partner-to-associate ratios, and their billing schedules so that the profitability of their projects can be managed and reduced. Many companies are now conducting frequent, tough reviews of their advertising agencies, forcing incumbents to continually justify their relationship.

These and other signs of intense competition and industry maturation are now widespread. High-end services, such as merger and acquisition advisory work, may never become commodities. But just as we can now put a vacation out to bid on the Internet to see which airline wants to sell us a ticket at the best price, we believe the day is not far away when this will be done for *services* as well. Imagine asking doctors to “bid” to conduct a routine surgical procedure or inviting lawyers to compete for your estate planning business.

3. *Many professionals are held back by stereotypes about what clients want them to be and how they should behave.* Here are typical statements we have heard from these professionals:

- “My job is to provide answers.”
- “I need to become as expert as possible in one specific subject area within my field and then to make my name in it.”
- “When I meet prospective clients, I need to demonstrate my expertise. After all, that’s what they’re buying from me.”
- “If I work in a new industry or function, I will be ignorant of basic concepts. I will add little value, and clients will reject me.”

- “This is a professional, business relationship. The personal side is separate. Furthermore, my loyalty is to the greater goals of the institution, not to the individual.”
- “Clients will take advantage of you. You have to stick up for your own interests.”

There is *some* validity to all these statements. They are incomplete, however. In contrast, consider these comments from clients who have spent a lifetime using professionals:

- “The really good professionals ask great questions. Often, they enable solutions rather than supply them.”
- “The best business advisers have a good understanding of my industry, but also breadth. Some of the best insights I have gotten have come from professionals who bring analogies from other fields.”
- “Good professionals are great listeners. They hear what you mean, not necessarily what you say.”
- “It’s very tough finding ‘honest brokers’ who are unbiased and not pushing their own agenda with you. Everyone walks in here wanting something.”
- “Investment bankers cannot be true advisers. They are too focused on the deals.”
- “Our consultants always end the session with a half-hour presentation on ‘next steps,’ the execution of which cannot, of course, be accomplished without the consultants. What I really value instead are working sessions which advance our thinking.”
- “Our lawyers focus on every detail with equal emphasis. That’s OK to a point, but they rarely pull back and help us see the big picture.”

Many professionals, in short, focus on providing answers, being perceived as “experts,” doing great analysis, and specializing more and more during their careers. Clients, in

contrast, seek professionals who can ask the right questions, provide knowledge breadth as well as depth, demonstrate big-picture thinking as well as analysis, and listen rather than just tell.

Professor J. Brian Quinn of Dartmouth’s Amos Tuck School of Business, who has spent nearly forty years advising business and political leaders, including several U.S. presidents, puts his own slant on the issue of stereotypes: “I used to believe that solving the problem was paramount. In reality, when the good advisers deliver their recommendations, most of them have already been implemented. I realize now that the process of problem solving is more important than the solution.”

Clients do value professionals who can play a broad advisory role. Theodore Sorensen, in his book *The Kennedy Legacy*, reports that just a few days before his inauguration, John F. Kennedy was presented with a list of 250 items requiring a decision from him. He apparently blurted out, “Now I know why Ike had Sherman Adams!” (Adams was President Eisenhower’s trusted adviser). The fact is, clients at any level, whether they are presidents of nations or corporate managers, appreciate someone who can help them put their issues in perspective, solve problems, and make better, faster decisions.

Experts versus Advisers

Many of the clients we interviewed for this book made pointed references to the distinctions they saw between experts and advisers: “With an adviser, trust is critical. Of course, if you just need an expert, you don’t have to trust him” was a typical comment. Our research, in fact, has suggested that experts and advisers are different in many important ways as outlined in the following table.

Professionals who are client advisers, in short, behave very differently than experts, and consequently they develop client relationships that are broader, deeper, and richer. Part

Experts versus Advisers	
Experts	Advisers
Have depth	Have depth <i>and</i> breadth
Tell	Listen
Provide answers	Ask great questions
Develop professional trust	Develop professional <i>and</i> personal trust
Control	Collaborate
Supply expertise	Supply insight
Analyze	Synthesize

of the difference lies in their skill and knowledge base: they are wide-ranging exploratory learners and big-picture thinkers. Part is due to attitude: they collaborate rather than control.

Let's be clear that there is an important distinction between expert and expertise. Both experts and great advisers have deep expertise, which they continually develop throughout their careers. But business advisers build an additional set of skills that leverage their specialized knowledge and enable them to be highly effective with clients.

Eric Silverman, for example, counsels business leaders on legal issues but does it in the context of their total business; he's an expert who has developed into a trusted adviser. With a law degree from Georgetown University, Silverman joined Milbank, Tweed, a large New York law firm, in 1981, taking an interest in a new area for the firm: financing energy projects. He sought out the only partner—indeed the only other lawyer at Milbank—who was doing work in this area. The two of them slowly began building up a business.

At first, he spent several years grinding out the contractual documents necessary to execute these large project fi-

nancings. But because there were only two of them in the practice, Silverman quickly began to take on client management responsibilities. He actively studied the business issues inherent in these multibillion-dollar, global energy projects. His knowledge base grew well beyond the contractual issues, which is what he and his firm were ostensibly hired for. He became an expert in the companies themselves, in their strategies and their organizational structures, and in the energy markets where they conducted their operations.

Silverman's clients, typically treasurers, chief counsels, or chief financial officers, began to seek him out as a source of broad-based business advice. The other lawyers they dealt with wanted to talk about the barriers, the 200 legal points that had to be reviewed before anything could proceed. Silverman talked about the possibilities and alternatives, not the limitations. "I'm more of a constructive facilitator for these huge projects," he says modestly. "I try to get the parties to work together, to keep the big picture in front of us . . . some of the other attorneys who are involved get very focused on the minutiae." Today, Silverman heads Milbank's Global Project Finance group. With fifteen partners and eighty associates, it contributes one quarter of the firm's total revenues!

Compare Eric Silverman's story with the following statement we heard from a consultant at a leading management consulting firm. Keep in mind that this is a smart, engaging individual who is some eight years into his consulting career:

I specialize in the pharmaceutical industry. I know exactly how product management should be organized in a drug company. I can go into any drug company, anywhere in the world, and immediately tell them how they should organize product management. It's basically the same everywhere.

This person has in-depth expertise that is invaluable to his firm. He is highly paid. But his career, and his professional and personal satisfaction, will run dry if he continues to dip ever deeper into his current well—product manage-

ment practices in drug companies—and fails to add breadth to his depth.

Adversity Is Part of the Plan

Although we often feel our careers should proceed from one success to the next, the development of these qualities is actually facilitated by struggles and setbacks. James Kelly survived several devastating experiences that nearly bankrupted his firm, the MAC Group; both Nancy Peretsman and Eric Silverman went through painful, dry patches where they couldn't interest their clients in any of their ideas.

Many of the famous historical advisers we'll examine also struggled. George Marshall, who became one of the towering figures of the twentieth century with the Marshall Plan after World War II, almost had to beg his way into officer training school. During the 1920s he spent many discouraging years in dead-end positions in an underfunded, ignored U.S. Army. Harry Hopkins suffered from a debilitating and ultimately fatal illness, yet as we'll see in chapter 8, he actually drew strength from his misfortune.

Learning from your struggles and taking active control of your own development will put you on the path to becoming an integrated, fulfilled professional who offers far more than just expertise to clients. You can evolve from a knowledge worker, an expert for hire, to a *wisdom worker*, a trusted adviser.

Think back for a moment to the analogy of the craftsman and the factory worker. When craftsmen were reduced to commodities and their work automated during the industrial revolution, it was the artists among them—those individuals whose work transcended mere skill at working iron or wood—who continued to thrive. Similarly, in the twenty-first century the knowledge workers who excel will be those who transcend simple expertise and are able to provide insights to their clients in the context of a collaborative, learning relationship.

INSIGHT × COLLABORATIVE RELATIONSHIP = CLIENT VALUE

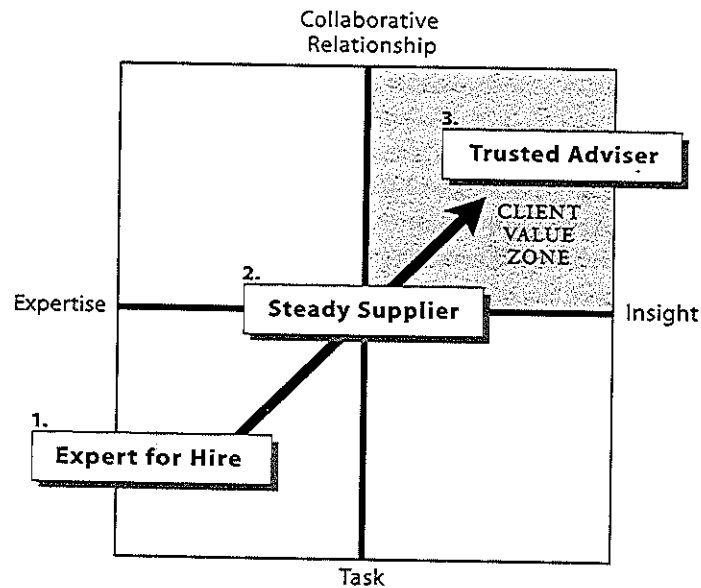
How do trusted advisers create value? Value is a complex concept that can mean different things to different clients, depending on their needs at a given point in time. Generally, however, value is created by solving problems, helping your clients achieve business and personal objectives, getting critical work done, and enabling your clients to feel good about themselves as people and professionals as you complete your assignment.

We have found that when leaders talk about great professionals who actually achieve these goals, they emphasize in particular the nature of the insight those professionals can offer and the quality of the relationship they share with them. The journey to becoming a great adviser, in fact, can be tracked and measured along these dimensions. Do you offer expertise and information, or can you deliver real insight? Do you work on the basis of performing tasks or transactions, or are you capable of developing deep, long-lasting, and collaborative relationships? The accompanying illustration sets out these key dimensions and depicts the three stages of client relationships that we described in the Introduction.

Everyone begins his or her career in the lower-left box—as an expert for hire who works on transactions (at the very start, you are not even an expert yet, you offer expertise for hire). Becoming a steady supplier usually happens naturally over time as you develop your client base. The real breakthrough occurs when you move beyond the steady supplier role—many people never do—and become a trusted adviser. At this stage you've put yourself in what we call the “client value zone.” The closer you can get to this position, the more personally and professionally rewarding your work will be and the more effective you will become with your clients.

Clients define insight broadly; it doesn't have to be a radical new idea or inspiration. Professionals who are insightful, clients tell us, do some or all of the following things:

Moving into the Client Value Zone



- They add significant new perspectives to the problem or issue at hand.
- They help to focus the discussion on the most critical, relevant issues.
- They provide specific ideas and solutions.
- Sometimes, clients feel their advisers are insightful when, through artful questioning, listening, and discussion, they enable clients to arrive at their own solutions.

Remember that advisers who provide insight also bring to bear some kind of deep expertise, which is still very important in this game. Strong, consistently demonstrated professional competence in your specialty is both the ticket for admission and an ongoing requirement; we don't want to downplay it.

Clients define their relationship with trusted advisers using words like “trust,” “shared values,” “integrity,” “chemistry,” and so forth; it’s far more than golf and lunch. Fundamentally, a relationship enables you to learn about your client. Through the relationship, you end up knowing more about your client—about his needs, preferences, and habits—than anyone else, and your ability to provide insights rather than just information or generic recommendations increases significantly. This creates a powerful entry barrier for competing professionals who may want your client’s business.

Building a relationship takes time. In the words of Jim Robbins, CEO of Cox Communications, “Nobody calls you up on the telephone and says, ‘Hey, I’m your adviser.’ No way! You have to build trust and establish that there are shared values.” Echoing this from the adviser’s perspective, the former chairman of an old-line U.K. merchant bank once said, “One of the facets of the art is that if you do not get on with the people you are trying to advise, then you find yourselves out the door.”⁶

The collaboration that develops between you and your client also amplifies your own expertise. Rather than just imparting information or knowledge—a one-way street—you collaboratively develop solutions. Your knowledge and experience play off against your client’s knowledge and experience in a constructive, creative fashion. Ultimately, the deeper the relationship, the more insight you’re able to bring to the table, and this in turn reinforces your value.

THE INGREDIENTS

FOR BREAKTHROUGH RELATIONSHIPS

There are seven key attributes that, when blended together in the right quantities and in the right manner, facilitate the development of insight and the formation of deep, trusting relationships. These characteristics are a blend of innate talent, acquired skill, and attitude, and it’s pointless to

try to determine exactly which is which. That's why we use the more general term "attribute" to describe them. Empathy, for example, is definitely something you develop at a young age (a "talent"), yet we know that people can improve their empathetic ability late in life. Native ability certainly counts, but hard work and openness to change can improve any of these qualities, an assertion borne out by the experiences of the many great professionals we've studied.

There is a natural, logical progression to the development of these attributes and to the order in which they usually come into play in building an advisory relationship. The two foundational attributes for any professional who aspires to serve clients are *selfless independence* and *empathy*. Great advisers have an attitude of complete financial, intellectual, and emotional independence. They balance this independence, however, with selflessness—they are dedicated, loyal, and focus on their client's agenda, not their own. It is a fine line to draw: on the one hand, being responsive to a client's needs and problems and, on the other, maintaining objectivity and honesty at all times. This selfless independence illustrates why clients are different from customers.

The second attribute, empathy, is what opens the door to learning. Empathy fuels your ability to discern a client's emotions and thoughts, and to appreciate the context within which that client operates. It enables you to diagnose what the problem really is and later underpins a learning relationship with your client. Dr. Michael Gormley, a London-based physician and renowned diagnostician who treats several members of the British royal family, provides an apt medical metaphor when he tells us, "You can't just chop the patient up into little pieces and then examine each one of them under the microscope. You have to understand the whole context of his daily life."

The next three attributes concern your ability to think and reason. You simply have to have something valuable to say before you can develop the long-term professional relationship. A passion for learning drives the professional to develop a core expertise and then to become a *deep generalist* by

continually broadening her knowledge. *Synthesis* is the ability to see the big picture, to draw out the themes and patterns inherent in masses of data and information. It includes related skills, such as critical thinking and problem solving. The ability to synthesize sets the business adviser apart from the subject matter expert who relies mainly on analysis. *Judgment* is often—but not always—the culmination of a particular engagement or advice session, drawing on all the learning and synthesis you have undertaken.

Conviction and *integrity* constitute two important character attributes that are common to all of the extraordinary professionals we have studied. When credibility of content has been established, trust can follow, and the depth of a client's trust in you will be very much governed by his assessment of your character.

Conviction comes into play as the adviser begins to offer opinions, recommendations, and judgments in earnest. Conviction, however, does not exist in a vacuum; it is based on a set of compelling, explicit personal beliefs and values. Properly harnessed, it is a powerful force that can motivate and energize both professional and client.

The attribute of integrity comprises a constellation of skills and behaviors that build trust, including discretion, consistency, reliability, and the ability to discern right from wrong. Without this trust, it is unlikely you will develop a collaborative relationship. Your client will always keep you at arm's length and treat you like a supplier.

There are other qualities, of course—motivation, optimism, tenacity, determination, analytical skills, and so on—that are valuable for professionals and indeed necessary to be a successful expert. The seven we have identified, however, are the ones that truly stand out and make a difference in a professional's effectiveness. They enable you to go beyond expertise and become a broad-based adviser. These are the qualities that foster the development of the insights and relationships that lead to consistent *value creation* for clients, and they are the characteristics that great advisers themselves have intuitively developed. If you want, in short, to become

an extraordinary professional who commands unwavering client loyalty, you need especially to develop and strengthen these attributes.

Becoming an Integrated Professional

These attributes build on and interact with each other to create a whole that is greater than the sum of the parts. Casual observers might call an individual who has successfully integrated them a “seasoned professional” or someone who really “has a head on her shoulders.” Drawing on his thirty-eight years as a successful client adviser, James Kelly articulates this state of integration and its benefits:

I have come to accept that I am constantly learning, and will never, ever know it all. I’ve learned to become an intense observer of people—I know that situations are never quite what they seem at first. I accept that sometimes I’m wrong, but that’s the cost of intellectual boldness, of daring to be right. I have a constant sense of being surrounded by expert resources that I can call on—they’re everywhere. When you get your ego out of it and allow yourself to relax and observe, you really do get into the flow of events and ideas. I’m working for my clients, but I’m also feeling quite independent from them—I’m driven not because I’m being paid but by a desire to help my clients, to learn, to satisfy a higher purpose. The ideas and solutions come quite freely in this state.

This happened just last week—I was the last speaker at a three-day conference for a group of top executives. When I was younger, I would have prepared a canned speech days in advance. This time I listened intensely for the first two days. I observed the participants carefully. I opened up my mind to the variety of ideas that were being presented and discussed—even though I didn’t like some of them. On the third morning, I got up early

Characteristics of a Successful Client Adviser

- ✓ Clients often ask you for advice, both on subjects directly within your field of expertise and in peripheral areas that happen to be of concern.
- ✓ Most of your client relationships are long-term ones. The vast majority of your clients would enthusiastically recommend you to someone else.
- ✓ There is strong mutual trust, on a professional *and* a personal level, between you and your clients.
- ✓ You collaborate extensively with your clients to define the product or service you deliver to them and match it to their needs.
- ✓ You frequently approach your clients with unsolicited ideas and suggestions.
- ✓ Your clients believe you consistently deliver value in excess of your fees. They rarely if ever shop around to see if they can get the kind of services you offer more cheaply elsewhere.

and took out a pen and paper. The themes began to flow—it was immediately clear to me what I would say in order to pull together the entire conference.

THESE BUILDING-BLOCK attributes are fundamental and straightforward. The reality, however, is that most professionals don’t practice or actively develop them. Or they delude themselves into thinking that they have already mastered them. Often, what they think passes for insight is, to their clients, merely expertise. They forget that this year’s insight has a very limited shelf life and can quickly revert to simple expertise—debt underwriting and reengineering consulting used to be value-added services, for example. Now they are virtual commodities.

C. K. Prahalad, the noted academic, strategist, and top-management adviser, tells us, "To keep yourself fresh as an adviser, you must constantly push yourself into new areas and unfamiliar territory. You have to get out of your comfort zone." By getting out of your comfort zone you will expand it, greatly increasing your versatility and effectiveness with clients.