

10 Questions

Dan Pink on Why It's OK to Be in Sales, the Importance of Clarity, and a New Way to Innovate

by Carly Schulaka



WHO: Daniel Pink

WHAT: *New York Times* bestselling author, top business thinker, and keynote speaker at FPA Experience 2013

WHAT'S ON HIS MIND: "There has been a shift from solving existing problems to identifying problems people don't realize they have, and from the skill of problem-solving to the skill of problem-finding. And I think that problem-finding skill is enormously important for financial planners."

Dan Pink, whose work is well known to avid business book readers, has been described in various ways, from influential to provocative, entertaining to witty. But perhaps the most telling moniker for Pink is "capturer of the business zeitgeist." That's how Thinkers50 described him in 2011 when the group whose mission is to identify and share the best management thinking in the world, placed him on their global list of the most influential business thinkers.

Financial planners will have the opportunity to hear Pink deliver the opening keynote address at FPA's annual conference, FPA Experience 2013, October 19–21 in Orlando, Florida. His goal for the talk is to give you specific strategies for improving your work. If you've read some of Pink's books, including *A Whole New Mind*, *Drive*, or *To Sell Is Human*, you know that Pink is a pro at making you re-think what you know about work and business success.

The *Journal* recently caught up with Pink to learn more about his latest work on selling and the importance of carving out time for free thinking and innovation.

1. *I've heard you say that like it or not, we're all in sales now. Some financial planners may not like that. Can you "sell" financial planners that being salespeople is OK?*

I think it's OK to be in sales for two reasons. Since most financial planners are working on their own or in small operations, anybody who is running their own operation is inherently in sales. It's necessary to survive. So that's one reason.

The second reason is that selling isn't what it used to be. You've got to get past this idea that selling is about hood-winkery, and taking the low road, and deception. Those days have ended. Selling today is about being attuned to your customer and helping your customer, not only to solve existing problems, but also to identify problems that the client doesn't realize he or she has. It's much more of a higher-level consultant kind of business rather than a business that's all about pushing product on people.

2. *Tell us more about how sales and salespeople have changed.*

I think one of the things that's important to understand is why we think of sales as disreputable. Why we think of sales as conniving and sleazy and deceitful. And I think that's a legacy of a world of information asymmetry, where the seller always had more information than the buyer. When the seller has more information than the buyer, the seller can rip you off. And a lot of our experience with sales comes from being buyers in a world where buyers have not had many choices, no way to talk back, and are at a huge information disadvantage.

So, that's a world of buyer beware. That's a world where buyers have to be on notice because they're at a big disadvantage.

But that information asymmetry that defines the sales relationship is disappearing. It's not our world anymore. That's true in financial planning, too. It used to be that only professionals would be able to get access to, say, stock prices, or access to calculators to figure things out, or access to other kinds of financial information.

Now those things are ubiquitous. They're everywhere. They are free. All of us can get it, and so what's really important, I think, for financial planners to understand is this move from information asymmetry to something closer to information parity. And that's a very different world. That's a world of seller beware. And a world of seller beware is very different from the world of buyer beware. So if we're all in sales but sales isn't what it used to be, what do you do about it?

To answer that question, I went to the social sciences. What does the research from economists and cognitive scientists and linguists and social psychologists tell us about how to effectively move people in an atmosphere where there isn't an information imbalance? The answer goes to the new ABCs of attunement, buoyancy, and clarity.

3. *You say the new ABCs of sales—attunement, buoyancy, and clarity—have replaced the old ABCs of “always be closing.” Let’s talk about attunement. What is it and why is it important?*

Attunement is perspective taking. Can you get out of your own head and see things from someone else's point of view? This is a consequence of the change in information. When I have a huge information advantage over you, I can be a little bit more coercive, but when I don't have that information, I can't coerce you into doing something.

I have to understand where you're coming from. I have to understand your point of view. I have to take your perspective. I have to understand your interests, and that's the prelude to finding any kind of common ground.

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4. *What more can you tell us about buoyancy?*

One of the other reasons people don't like sales, why people often recoil from the very notion of sales, is that sales involves a lot of rejection. Now, for anybody who is close to a business—whether they're a small firm or a sole proprietor—rejection is part of their lot. We don't like it, but it's part of our lives.

One of the people I interviewed for the book [*To Sell Is Human*] was a salesperson who described his life as every day going out and facing an ocean of rejection. So buoyancy is how you stay afloat on that ocean of rejection. What science tells us is that there are some things you can do before an encounter to remain buoyant. Seriously questioning your abilities is often more valuable than pumping yourself up.

And then, I think, what's really important is, what do you do after an encounter? Martin Seligman at the University of Pennsylvania has some extraordinary research showing that one of the best predictors of success in sales is how people explain failure. They have a certain explanatory style that puts the failure, the rejection, in a broader context that leaves them buoyant for the next encounter. So buoyancy is an important quality. And again, if we're all in sales, we're all going to get rejected, but there are some systematic things we can do to equip ourselves to stay afloat on that ocean.

5. *What do financial planners need to know about clarity?*

I think all of [the new ABCs of sales—attunement, buoyancy, and clarity] are important for financial planners, and they work together in some intriguing ways, but if I had to pick one that was the first among equals for financial planners, I would pick clarity. And clarity has two dimensions to it.

First, we live in a world awash in information, so being able to access information doesn't give you any kind of comparative advantage. It used to. As I said before, it used to be that only trained professionals with special machines and accounts could find the price of a particular stock, or find the performance of a particular bond fund, or had the kinds of calculators you need to do a Monte Carlo simulation.

But having access to the information doesn't matter anymore. What matters more is being able to curate information, distill information, take this mass of information out there and use your expertise to say, "OK, this is what's important, this is what's not important. All this is noise, but this part here is signal."

Think about the array of financial information that's now available to individuals. Just here in my office, I could go online immediately and get a wealth of information. If I had a TV here, I could click on CNBC and be flooded with information. At a certain point you say, "What should I be paying attention to and what should I not be paying attention to?" Making sense of that, that sense-making function, is enormously important.

The second dimension of clarity, which is important for financial planners, is this: if your customer or your prospect knows precisely what his problem is, he doesn't need you very much, if at all.

Let's say I'm a prospective client, and I want to be exposed to the entire stock market, and I want to do it for a low fee. You know what? I can find an ETF that has very low cost and captures an index of the highest market cap stocks. It's pretty easy for me to do that, so I don't need you to help me with that, but where I do need you to help me, is if that's not what I need!

[Maybe] my problem is that I don't have any bonds. My problem is that my mortgage is too large. My problem is that I don't have any of the papers in place to take care of my family if something were to happen to me. And so there has been a shift from solving existing problems to identifying problems people don't realize they have, and from the skill of problem-solving to the skill of problem-finding. And I think that problem-finding skill is enormously important for financial planners.

6. *Many financial planners worry about perfecting their elevator pitch, but I've heard you call the elevator pitch a little 20th century, so what do you recommend that they be perfecting instead?*

There's a kind of sameness and homogeneity to elevator pitches, so I wanted to widen our choices about pitching, and I wanted to look at the research and say, "What does the research tell us about how to pitch more effectively?" There is a whole array of choices to use.

One of my favorites is a question pitch. In many instances, pitching with questions is more effective than pitching with statements. If you ask questions, people deliberate a little bit; they often come up with their own reasons for agreeing with you.

"If we're all in sales, we're all going to get rejected, but there are some systematic things we can do to equip ourselves to stay afloat on that ocean of rejection."

As a financial planner, I think it's important to think about, what's your one-word pitch? What's the one word that captures everything you're going to do for your clients? That requires a certain amount of discipline.

There's some interesting evidence showing that pitching in a narrative form, literally by beginning "Once upon a time," could be enormously effective. There's even evidence showing that pitches that rhyme can be more effective.

I don't necessarily want to throw

the elevator pitch away, but I do want people to widen their focus a little bit about other ways to pitch, particularly when there's some great evidence in social science that verifies a lot of their effectiveness.

7. *We have long heard that extroverts make better salespeople than introverts. Is that true?*

No. What's true is that extroverts are more likely to get hired as salespeople. Extroverts are more likely to get promoted in sales jobs. But the correlation between extroversion and sales performance is basically zero. It's nonexistent. And there's some interesting research from Adam Grant at the University of Pennsylvania showing something that's a little bit surprising.

When Grant tested—basically through field studies—the introversion and extroversion levels of the sales force, what he found is that extroverts do a little bit better than introverts, but neither group does as well as a third group called the ambiverts. Now unfortunately, this is not a word that many people know. It's a term, though, that has been in the literature since the 1920s. We have this very binary black and white view of introversion and extroversion, and ambiverts describe people not extremely introverted, not extremely extroverted.

What the research is beginning to show is that—and this is not surprising—introverts stink at sales. They're not assertive enough, they're not comfortable enough in social settings. But the big surprise is that very strong extroverts are not very good either. And unfortunately, they're the people who get hired; the kind of backslapping, grinning folks who push too hard, talk too much, and don't listen very well.

People who do the best [at sales] are the people in the middle. They have a wider repertoire of skills. If you think

about the ambiverts, it's like being ambidextrous. They can go left, they can go right, and they easily outperform strong introverts and strong extroverts. The good news is that most of us are ambiverts.

8. *Why do higher incentives for workers sometimes lead to worse performance?*

It depends on the kind of incentive. Not all incentives have that effect, but there are certain kinds of incentives that can diminish performance. Social scientists call it a controlling contingent reward. I like to call it the if-then reward, as in, if you do this then you get that.

What the research shows very clearly is that if-then rewards are pretty effective for relatively simple, routine tasks with a short time horizon. We love rewards. They get our attention, but they get our attention in a very focused way. So when you know exactly what you have to do—maybe it's turning the same screw the same way on an assembly line over and over again—those kinds of incentives work well.

But there's an overwhelming amount of evidence showing that [if-then rewards] are not very effective for more complex, creative, and conceptual work. Rewards tend to narrow our focus, shorten our time horizons, and for things that require more judgment, more discernment, more creativity, more complexity, you want to be looking wide, not narrow; you want to be looking far ahead, not shallow.

9. *Why is it important for companies to carve out time for noncommissioned work, time when workers are free to work on whatever it is that inspires them?*

I'm glad you asked that. Just think, there are a lot of companies that are doing this, basically setting aside maybe a day a quarter, or 10 percent of people's time, or an hour a week when people can

work on whatever they want and then show what they've created to the rest of the company.

There are a number of reasons why this can be effective for surfacing both innovations in what the firms are offering and innovation in process as well. People take more risks, they're unshackled from some demands, or they have a much greater degree of autonomy, and those are the conditions in which people are generally able to do creative work a little bit better.

And with the small constraint of time, they kind of hustle. As a result, people end up coming up with a lot of ideas, some of which are terrible, but these little islands of autonomy end up producing a lot of innovation.

It's totally cool. It's really where the world is going. I'm convinced that most companies are going to have some amount of time for noncommissioned work. I think that's going to become common practice in most workplaces.

10. *You will be giving a keynote address at FPA Experience 2013 in October. What do you hope the financial planners in the audience will take away from your talk?*

I want people to be able to think about their work a little bit differently, see their own work through a different lens. But for this group, I also want to be able to provide some specific, tactical takeaways, some actionable steps people can use in their own businesses. These actionable steps will be built on the evidence of what works for selling effectively and ethically in this new terrain. So it's going to be a mix. I want to give people a few insights, but I want to turn the corner pretty quickly and say, "Here are some things that you can do to improve your own work." ■

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