

A Systems Approach to the Process Dynamics

of

Interpersonal Selling in the Financial Services Industry

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1. Background, Purpose and Method of Investigation

1.1 Background to the study

The Financial Services Industry (FSI) in South Africa is currently under severe criticism for the quality of service it provides to its customer base. Customer dissatisfaction expressed through individuals, (See Appendix A) consumer bodies and members of parliament has resulted in the draft and approval of three new bills in parliament, which will protect the rights of customers.

Investigation into the quality of service provided by banks in Europe, the UK and the USA confirm that the situation is not unique to South Africa and that the same problems occur on those continents. (The Corporate Advisory Board, 1998) No ideal solutions have been identified in the banks investigated so far and without exception they admit that their current service is insufficient to ensure complete customer satisfaction, long-term relationships and reasonable profitability. This view is supported by research from independent consulting firms operating in the industry as well as the numerous current articles, books and conferences on customer service.

Customer service is a broad term and can include a diverse range of services provided by financial institutions. Differentiation needs to be made between personal service which involves the human element and general service which does not involve direct contact with another person. Examples of the latter kind are monthly statements, regular debits and credits of accounts, services provided by automatic teller machines and other technological instruments such as Internet banking, telephone banking and electronic third party payments.

The specific criticism raised in the press in South Africa can be summarised as:

- banks respond in an arrogant way to the concerns of their customers,
- they provide poor personal service and follow-up,
- late communication on rate and fee changes,

- they use confusing financial terminology when products or services are explained,
- their staff are unwilling to listen to customer complaints,
- very little or no financial advice are given,
- organisations are more concerned with their profit margins than with their customers,
- the honesty, integrity and ethics of sales staff are questionable and
- banks are out of touch with their customers' needs.

(Die Burger, 02/06/1999, p1 and Sunday Times, 12/09/1999, p6)

The poor communication between organisations and their customers contribute to the low level of understanding of each other's needs and solutions are not being identified to solve the problems for the benefit of both customers and financial institutions. (Harvard Business Review, 1998, p89)

Financial advisors represent their organisations and should have a proper understanding of the process dynamics of the sales conversation in order to serve their customers in a way which will meet their expectations. A visit to their bank are perceived by many customers as a private matter which commands an acceptable level of trust and ethics as a basic requirement as customers have to supply confidential information which they would not otherwise provide.

Most products and services in the financial services industry in South Africa are currently sold in a direct, personal, interactive process between a sales person (financial advisor, personal banker or financial consultant) and the customer. Sales by electronic technology contribute between 5% and 10% of the total annual sales, which includes banking by Internet which was introduced in the beginning of 1997.

Person-to-person consultative selling occurs mostly on the premises of financial institutions which intimidate customers with their financial terminology. What is often

perceived to be a minor customer complaint, (such as sales people who do not make eye-contact with customers) have proved after investigation, to be of major concern for customers. Many habits and beliefs which advisors may have about the sales interview can irritate customers if only organisations would take the trouble to listen to them.

Current training courses in South Africa are based on the sharing of international 'best practice' techniques, that which appears to work in other organisations, and motivation is provided through motivational speakers or course leaders. The service problems in the industry indicate that the training which financial advisors receive is inadequate to provide them with sufficient knowledge to deal with their customers in an efficient way.

The sales conversation plays a major role in the interface between organisation and client and it is a complex process which has to be performed in a limited amount of time about subjects as important as the life savings of a person, purchasing of the first home or a loan for a major medical operation. Customers have huge expectations when arriving for these interviews and if the sales person does not realise the importance of the meeting, very little opportunity exist for customers to get clarity on products and services and disappointment is the end result.

During the last two years the author conducted 25 focus group meetings with a leading financial institution in the Western Cape. Between five and ten randomly selected customers per branch, attended each interactive session with senior management and sales staff. Customers were given the opportunity to communicate concerns, suggestions and compliments and receive explanations for questions they had. This information was recorded and where satisfactory answers could not be supplied immediately, follow-up contact was arranged to supply the correct details. (See Appendix A)

Experience have shown that customers value invitations to these meetings and make exceptional efforts to attend. They come well prepared and are serious about the contribution they want to make. Contact maintained after these meetings confirm that

these customers communicate their experiences to a wider group of associates which can act against or in favour of the organisation depending on how well the concerns were addressed.

A summary of the comments made by customers during these focus group meetings (See Appendix A) which also added to the motivation for this study are:

- a) Customers do not have the right to question their bank.
- b) There are no formalised procedures in place to handle customer complaints.
- c) More time is spent explaining why errors occur rather than correcting the errors.
- d) The bank does not admit when it has done something incorrectly.
- e) It does not sell the features and benefits of its products.
- f) The bank does not have sufficient time for its customers - always too busy.
- g) Customers are not approached individually when investment opportunities arise or when new products are launched.
- h) Electronic service is excellent, but the human interface leaves much to be desired.
- i) Sales people's product knowledge and how to deal with customers are questionable.

These sessions normally provide branch and senior staff with unpleasant truths about the service they provide which confirm their problems with the human interface.

1.2 The purpose of this study

The objective of this study is to develop a systems model of the process dynamics of the sales conversation between a customer and a financial advisor in the Financial Services Industry. The systems model so developed can then be adapted to serve as a training aid to provide financial advisors with a better understanding of the sales interview process.

This is necessary because advisors need to adjust the sales conversation with respect to each customer's requirements and so improve the efficiency and outcome of the sales act. According to Checkland and Scholes (1991) Human Activity Systems (HAS) are sets of human activities ordered into wholes because of some underlying purpose of its components and are the product of a mancreated universe. (P111)

The face-to-face interactive sales process in banking involves the participation of at least two human beings interacting at a time and to develop a systemic understanding of the dynamics of this process, the process of Soft Systems Methodology (SSM) as developed by Checkland (1981) and updated by Checkland and Scholes (1991) will be investigated for its ability to provide the necessary insight and understanding.

Although SSM is normally used in interactive group learning it was investigated for (i) its value in improving the conceptual understanding of the systemic functioning of human activity systems and (ii) to determine if it can be utilised in a new non-classical way by applying the relevant philosophy principles to the stages of SSM as compared to the use of empirical data in the traditional methodology. New and different methods of applying SSM is encouraged by Checkland and Scholes (1991, p291) which assisted with the decision to use the valuable contributions from the theory rather than empirical data.

The objectives were to:

- identify each phase in the process of interactive selling in the financial services industry
- establish if there is an ideal sequence or order for this process and if so
- establish the position of each phase in the selling sequence
- identify the interactive dynamics between each phase
- interpret the effects each phase may have on the other
- plot the phases in relation to one another
- map the phases along with the processes and positions identified and
- build the complete system of the process of interactive selling from the

subsystems so identified,

- with the purpose to use this model as a training aid for financial advisors.

During the research of the relevant philosophy, principles applicable to phases in the sales conversation were found which fundamentally changed the thinking of staff about how the conversation should be conducted, as they often think about how things will affect the organisation and not the customer. One of the questions which evolved when some of the principles were applied in practice, was “what does it have to do with the customer?”. It forced staff to think like a customer, as we all are customers of someone else in one way or another, and this thinking from the position of the customer created one of the most important shifts in staff behaviour in the organisation.

Changes in behavioural patterns and a shift in the thinking of advisors were essential objectives of this study. Other changes which were implemented were:

- changes in the complete sales training course content for advisors,
- changing training methods from lecture room theory based training to practical application of principles through role-plays,
- the measurement of advisor performance to include customer feedback,
- the organisation believed it is in the financial risk business whilst the study proved it is in the customer satisfaction business,
- focus on the customer and his or her needs instead of organisational objectives,
- listening and probing skills and the identification of clues,
- the concepts of lifestyle enhancement and wealth-creation for the customer,
- how to identify and avoid negative power and the use of transformative power,
- staff selection criteria to focus on primary interpersonal skills.

Sales people who do not understand why a particular sale was unsuccessful may not know how to adjust their sales efforts to prevent a recurrence of the same failure.

Customers sometimes do not return for the conclusion of an outstanding transaction, which confirms the presence of some potential problem, as certain expectations were

raised during the sales act. During the study insight into the reasons why customers can terminate a sale was gained which can be of benefit to the professional image and success of financial institutions.

The knowledge sales people have of their products and services is normally superior to the knowledge of their customers and as knowledge is associated with power, it can create resistance or feelings of inferiority with customers if this position of power is abused. It may jeopardise the outcome of the sale even though the products or services can be beneficial to the customer. The role of power and its influence on the outcome of the sales process was found to be significant and advisors need to identify and control this phenomenon to eliminate its damaging effect.

Any improvement in the efficiency of the large number of sales activities that take place daily, may have an influence on the monetary value of successful transactions throughout the industry and yet articles, books and courses on this subject seem to contradict one another on specific methods and techniques, which confirm a lack of understanding of the process dynamics within the system of interactive selling.

As future sales activities seem destined for electronic technology, simple translation from interpersonal selling to selling over the Internet for example, may not be successful. The results of this study incorporate a view on the application of the principles identified when converting direct, interactive personal selling techniques to indirect selling through other delivery channels.

1.3 Method of investigation

Philosophical basis

Although Lewis was an empiricist, his philosophy will be investigated as a basis for this study because of his a priori set of principles or categories which serve as the given towards knowledge creation. His conceptual pragmatism was found to be useful because

the sales interview is perceived to consist of many different concepts, each with its own specific purpose and contribution towards the overall sales process. (Lewis, 1929)

Systems methodology

As the sales interview is perceived to be a Human Activity System, (HAS) the concept of systems methodology will be investigated as the a priori category or set of principles from which to construct a conceptual model which can serve as a learning system to improve the skills of financial advisors when they conduct sales interviews.

Systems methodology can serve as a means to organise our thoughts about the real world, while other types of concepts can be included in our investigations to add to a differing interpretation of the problem situation. (Flood & Jackson, 1991, xiii) The sales conversation was identified as complex-pluralist through the constructive selection process of Flood and Jackson (1991, p35) and Soft Systems Methodology (SSM) as the systems methodology most suitable for the investigation of the problem. SSM was therefore chosen as the a priori knowledge with which the above mentioned problems were to be investigated.

Theory instead of empirical data

The decision to investigate the use theory instead of empirical data in the application of SSM was assisted by Lewin's view that: 'We will have to watch out that theory never breaks loose from its proper place as a servant, as a tool for human beings.' (1943, p118) The theory approach provided the opportunity to sweep in concepts and beliefs of various philosophers on the subjects of human discourse, interpersonal communication, interpretive conversations, language and the creation of knowledge and understanding. Philosophers who were specifically considered for their contributions were Wittgenstein, Lewis, Dewey, Peirce, Bernstein, Habermas, Foucault, Lyotard and Clegg while many others were found to add considerable value to the findings of this study.

Soft System Methodology

The principles from the philosophers were grouped into the appropriate stage of the sales interview during which they could be active, and the problems associated with each stage were expressed at the end of the relevant chapter. (Table 11.2) The assumed problems were then combined through the process of Strategic Assumption Surfacing and Testing (SAST) to form the basis for the second stage of SSM in Chapter 10. (Flood and Jackson, 1991, p127) The methodology of SAST was used to surface the assumed problem situation in place of the normally accepted exercise of the building of a Rich Picture, because the system which is being investigated here involves mainly two individuals and many of the assumed problems are perceived to have their origin in the minds of these individuals and not in formal structures within organisations or business units. The next step was to formulate root definitions according to the CATWOE mnemonic to assist with the building of conceptual models to solve the assumed problems.

Building conceptual models of the phases of the sales interview

The following phases in the sales conversation were identified from the relevant philosophy with the assistance of the root definitions and are discussed in each chapter as indicated:

1. The initial contact between customer and sales person. (Chapter 3)
 - Here recognition and identity of the other person is established, (Root Def. 1 and conceptual model 10.1)
 - rights are given by one or both parties to the other to ask questions and
 - to expect answers and
 - the subject of the conversation is agreed. (Root Def. 2 and conceptual model 10.2)
2. Each person's lifeworld which they bring to the sales conversation. (Chapter 4)
 - Their own knowledge, experiences and values,
 - participation in communication is guided by a person's beliefs, values,

standards, principles, interests and emotions,

- speech acts as the process of discourse in sales conversations. (Root Def. 3 and conceptual model 10.3)

3. The process flow of conversation between two individuals. (Chapter 5)

- the role of vocabulary,
- communication consists of the flow of language particles in language games,
- the transfer of information through language. (Root Def. 4 and conceptual model 10.4)

4. The message which is being communicated in the sales conversation. (Chapter 6)

- Interpretation of the information that is supplied and,
- clarifying concepts by asking questions and giving answers,
- creating knowledge and shared understanding between sales person and customer, (Root Def. 5 and conceptual model 10.5)

5. The processes of choice and decision-making. (Chapter 7)

- Assess against own meaning, understanding, beliefs, values, standards,
- reaching decisions to buy or sell,
- exercising the freedom to act. (Root Def. 6 and conceptual model 10.6)

6. Factors which may influence the decisionmaking process. (Chapters 8 & 9)

- The role of different forms of power,
- resistance to power, resentment and the feeling of inferiority,
- empowering the customer to make an informed decision,
- the ethics of the sales person. (Root Def. 7 and conceptual model 10.7)

Each phase manifests itself at different positions during the interview and can be of a short duration or continue throughout the conversation. (See Table 11.1) The above mentioned phases constitute the basic requirements for a sales conversation and in short

describe a process between a buyer and a seller who enter into a conversation on a specific subject about which information is shared and clarity is gained by a process of questions and answers.

The answers are compared with their own lifeworlds and when their individual understanding of the information has reached a specific level, each person can make the decisions they believe appropriate. The phenomena of power and ethics can be present continuously throughout the sales interview or at different points in the conversation. Their often severe influence on the nature and outcome of a sales interview justify their inclusion as a separate root definition and conceptual model in order to understand their contribution to the sales process. Graphically the sales process can be presented as in Figure 1.1.

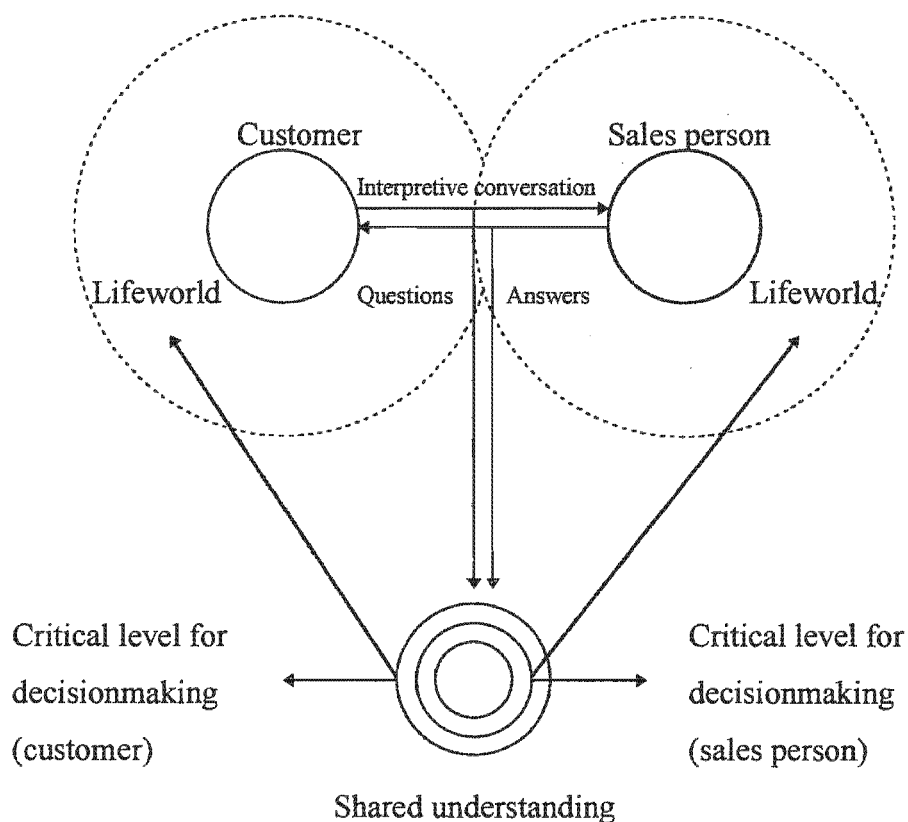


Figure 1.1 The process of interpretive conversation in selling

Particular focus during the research was placed on the philosophies of pragmatism and post-modernism. Pragmatism was included because the nature of the industry is results driven to generate value for its shareholders and customers, and to accommodate the demands being placed on delivery mechanisms of the future as it is a philosophy of action. Further reasons for including pragmatism is that the customer service problems seem interrelated and solving these is an ethical pursuit. It is characterised by its purposefulness, cyclical enquiry, acknowledging the history of each problem and the continuous search for their solutions.

Postmodernism is included for its view on the multiplicity of inputs from customers and the implosion of boundaries which technology such as the Internet allow, through which public opinion can be mobilised. The focus on language and language games, discourse and interpretive conversations between two individuals are self explanatory as they relate directly to communication.

An area initially excluded but which was identified as essential for the proper understanding of the sales conversation, was the role of power in the communication process. Power in its many forms may be present right from the beginning of human contact until the conclusion of the transaction and was investigated as a continuous threat to the customer and sales person. When this fact was discovered it changed our thinking on the sharing of knowledge to transfer information to the customer thereby empowering him or her to make informed decisions and so eliminate other threats of resistance and inferiority.

1.4 Suggested application of the results

The main value of the results of the study lie in the areas of training, sensitisation, customer awareness and change management. In Chapter 10.2.4 (Suggesting changes) suggestions are made of what may be required in terms of training and development, who should be involved and how the implementation can be affected. The simplistic nature of

two people interacting with each other in conversation does not leave much room for structural changes in an organisation and recommendations were focused on the creation of knowledge, skills and sensitisation of advisors through different interventions of training. The involvement of management is essential, not only to make the suggested decisions but also to undergo training and sensitisation themselves. The inclusion of customers in the design and measurement of interviews and specific feedback of the service they experience, will improve the overall quality of service.

The conceptual models were found to be extremely valuable in a small scale experiment conducted within a financial institution, (Appendix B) but further broad application on a scientifically controlled basis is required to establish the practical value of the principles, sub-systems and the complete system from which further ideas can be developed to improve the selling of financial services as well as improve the image of the industry in the minds of the public.

Although the model developed here applies to face-to-face interactive selling, it may contain principles which can be applied to:

- voice-to-voice selling (between two individuals)
- recorded voice-to-person selling (tone generating devices)
- as well as technology-to-person selling (automatic teller machines)
- technology-to-technology selling (Internet)
- E-Mail direct selling to customers
- direct mailshots and
- promotions based on consumer behavioural activities in purchasing.

Further applications of the principles of philosophy through the process of SSM in other human activity systems are recommended in order to confirm the use of this approach in research and industry. The individual phases have value individually or as a complete concept and in addition to the above recommendations should be investigated for further research in interpersonal applications.

2. Literature Survey of the Relevant Philosophy

2.1 Introduction

In the following chapters the philosophies pertaining to the subjects of recognition, identity, inquiry, speech and discourse, knowledge, lifeworlds, decisionmaking and ethics in the act of selling, will be investigated.

The purpose of this investigation is to gain clarity on the stages of the sales conversation and the process dynamics within and between these stages. The sales act is driven by end-goals which require a pragmatic view of the sales act and it is envisaged that the results will be of value for application in future sales methods which will be based on electronic technology and which requires different ways of transferring product information to prospective customers.

Sales people are employed to exercise the organisation's requirements of selling at a profit and at specific volumes and within acceptable time frames, the products and services supplied by the organisation. This constitutes the organisation's ability to survive and grow as long as it is competitive and well managed.

Lester et al. (1998, p88) stated: 'Today's fast-paced markets evolve in unforeseeable ways with unforeseeable consequences.' The pace of development in the financial services industry requires an investigation of the philosophy of post-modernism which will be investigated for direction of future applications to the sales conversation.

The philosophers who are of particular interest here are Rorty, Bernstein, Foucault, and Lyotard whilst some of the critics of post-modernism will be included in the study to assess alternative views to this thinking.

2.2 The philosophy of C. I. Lewis as the basis for this study

The purpose of this study is to gain an understanding of the interactive processes between financial advisors and customers during the sales interview so that conceptual models can be constructed to assist advisors in improving the outcome of the sales interview. As these processes are characterised by the transfer of knowledge, an epistemology is required to form the basis for enquiry into this problem. The questions to be answered are:

- who are involved and/or affected by the interview process
- exactly what is transferred during the sales interview?
- what are the sources of the messages that are transferred?
- what are the objectives of these activities and
- what (if anything) is achieved during the interview process?

The philosopher C. I. Lewis argued that 'empirical knowledge depends upon both a sensuous or subjective "given" and an a priori set of principles and categories through which we interpret the given.' (Honderich, 1995, p.482) Empirical knowledge is knowledge based on experience through the senses (ibid., p.226) that are active in all forms of communication.

'Lewis contends that knowledge must be based on a philosophy that is empirical, pragmatic and rational. A pragmatist takes empirical knowledge to exercise the vital function in offering guidance for our governable ways of doing things, in the form of justifiable expectations of the results of such activity, if, or when, these results occur. Knowledge is successful knowledge; knowing, conceived this way, as correct anticipation, does everything knowledge could conceivably do.' (Peterson, 1998, p.12)

Peterson (ibid., p.12) informs us that Lewis starts from the basic premise that all human knowledge is founded on individual experience and that any individual experience

involves an initial sense perception, the *given*. The second element is the *concept*, the mind's response to the presentation.

Meaning or idea for an individual mind combines concept with the corresponding sensory data. (ibid., p.12) Agreement between individuals can be established if each mind discovers, within its experience, patterns that fit a common concept. We learn to name objects or things by using terms, and by applying the same substantives or adjectives to the same object. (ibid., p.12)

Our common concepts are a structure of meanings that verify completely agreement between two minds through the use of language. If this common concept leads to similar behaviour, then we have reality in common. Our reality then reflects criteria that are social in nature. (ibid., p.12)

To go beyond simple naming and develop a deeper knowledge of our common world, Lewis (ibid., p.12) says that we need to be able to show that the application of concepts are justified over time by developing a hypothesis about present experience, which can be proved or disproved by further experience.

Based on the above arguments, Lewis' philosophical basis was selected as a foundation for research into the creation of knowledge in the minds of advisors and customers whose purpose is to gain sufficient understanding to make a sales decision. Lewis believed that 'the main purpose of philosophy is to clarify our minds for conduct.' (Schilpp, 1968 p.26) and on this basis the principles of recent philosophers concerning knowledge, concepts, experience, understanding etc. will be used to construct the conceptual models in the systems methodology.

During the sales conversation many forms of communication may be present (spoken words, tone, emotions, body language, smell etc.) from which the trained advisor can gain valuable information to interpret the views of the customer. 'Knowledge arises when

we can frame the data of sense in a set of concepts which serve as guides for action.’ (Lewis, 1926, p.243) This “set of concepts” is a priori and is synthesised with our “data of sense” or raw observations.

For Lewis (1926, p.241) learning is a process of trial and error where we have interpreted situations through one conceptual pattern (appreciative framework) after another. Our practical success or failure in sales interviews leads us to adapt the frameworks so that they best serve our purposes.

For learning (the improvement of conceptual frameworks) to occur requires some ‘new empirical data, which offer some difficulty of interpretation in the old terms, to bring about the change.’ (Lewis, 1929, p.269) This process of improving concepts (learning) is not simple since ‘any set of basic concepts has vested interests in the whole body of truth expressed in terms of them, and the social practices based on them.’ (ibid., p.269)

When learning takes place ‘nothing literally becomes false, and nothing becomes true which was not always true. An old intellectual instrument has been given up. Old concepts lapse and new ones take their place.’ (Lewis, 1926, p.244) The objective of the study is then to search for new concepts which can assist financial advisors with conducting more efficient and successful sales interviews.

A priori:

Lewis (1929, p.227) views a priori concepts as principles to which all truthful experience must comply. In the interpretation of the given if experience does not fit into our a priori categorical principles then ‘so much the worse for the experience’. (ibid., p.224) Our concepts are a priori because they are the criteria against which we judge things to be real (e.g. systems concepts). ‘The a priori is knowable simply through the reflective and critical formulations of our own principles of classification and interpretation.’ (ibid., p.232)

Lewis (1926, p.239) argues that it is difficult to separate cleanly concepts and the given. The given is that sense which cannot be truly conveyed to another, since we cannot truly represent it in language. We can only “point” to it through language.

Knowledge is gained via experience, but order is imposed on experience by certain innate, universal and necessary concepts, the a priori laws, which exist separately and prior to experience. The concept of Soft Systems Methodology will be used as the a priori knowledge in this study to gain clarity, order and interpretation of the messy process known as the sales interview.

For Lewis (1929, p.239) the a priori is always accountable to some pragmatic measure arising out of the individual’s “needs and interests”. ‘To be sure, this a priori element in knowledge runs very deep; it is present whenever there is classification, interpretation, or the distinction of real from unreal - which means it is present in all knowledge.’ (ibid., p.266)

Conceptual Pragmatism

Honderich (1995) explained that Lewis believed in “conceptualistic pragmatism” where the a priori has alternatives as a ‘set of conceptual schemes whose organization of our experience is subject to modification on pragmatic grounds’ when it ‘does not conduce to the “long-run satisfaction” of our human needs.’ (p.482)

Lewis believed that ‘new truth represents the creative power of human thought, but is always pragmatic.’ (Peterson, 1998, p.13) He was also of the opinion that the foundation of conceptual pragmatism is that there must be a certain amount of order in the world, there must be real things or objective facts. ‘This can be the only basis for human knowledge, that has enabled us to develop the common world we live in.’ (ibid., p.16)

Lewis (1929, p.37) formulated his conceptual pragmatism theses as follows:

1. The two elements to be distinguished in knowledge are the concept, which is the product of the activity of thought, and the sensuously given, which is independent of such activity.
2. The concept gives rise to the a priori; all a priori truth is definitive, or explicative of concepts.
3. The pure concept and the content of the given are mutually independent; neither limits the other.
4. Empirical truth, or knowledge of the objective, arises through conceptual interpretation of the given.
5. The empirical object, denoted by a concept, is never a momentarily given as such, but is some temporally-extended pattern of actual and possible experience.
6. Hence the assignment of any concept to the momentarily given (which is characteristic of perceptual knowledge) is essentially predictive and only partially verified. There is no knowledge merely by direct awareness.
7. Actual experience can never be exhaustive of that pattern, projected in the interpretation of the given, which constitutes the real object. Hence all empirical knowledge is only probable.
8. The mutual independence of the concept and the given, and the merely probable character of empirical truth, are entirely compatible with the validity of cognition.
9. More explicitly, any conceivable experience will be such that it can be subsumed

under concepts, and also such that predictive judgements which are genuinely probable will hold true for it.

Lewis argues that for two minds to understand each other they “absolutely must” have concepts in common. (Lewis, 1926 p.238) Financial advisors who use financial terms which are unknown to their customers may find that the level of understanding achieved during the interview is such that a successful sale becomes more difficult.

For Lewis, (1926, p.234) pragmatism focuses on the interpretive act and its practical consequences. He believed that:

- ‘the truth is made by the mind’
- this ‘truth is directed to some practical situation’
- ‘a practical situation implies brute fact, something given’
- a practical situation implies also ‘a human being with needs and interests’
- without the given the practical problem of need satisfaction would not occur.

With pragmatism the focus is on ends and means, on purpose and goals and practical ways of achieving them. Knowledge is that which is useful in achieving a purpose, an appropriate guide for action. The pragmatic method of inquiry involves forming concepts from specific observations or experience, and then testing these concepts in action and assessing the validity of predictions. For this reason this study will include the philosophy of pragmatism in the research, but concepts will be formed from theory instead of empirical data.

‘The reflective method inevitably is pragmatic also. Concepts and principles reveal themselves as instruments of interpretation; their meaning lies in the empirical consequences of the active attitude.’ (Lewis, 1929, p.31) The interpretation of responses from advisors and customers are important elements towards the success of sales

interviews, especially if these actions can be based on the conceptual models developed in this study .

Knowledge creation

Human knowledge is possible because individuals can communicate and can reach agreement, 'if each mind discovers, within its experience, patterns that fit a common concept.' (Peterson, 1998, p.4) 'The practical and applicable criteria of our common knowledge are that we share common definition of terms, and that we apply the same substantives/adjectives to the same object.' (ibid., p.4) If a customer and an advisor attach the same meaning to financial concepts used in the sales conversation, the possibility of them misunderstanding each other will be very small.

Lewis emphasises the idea that knowledge results from human co-operation. 'The significance of concepts is that they lead to knowledge; the significance of knowledge is that it leads to action, community of knowledge leads to community of action. Our common world is social achievement,.....fostered by our need to co-operate. The eventual aim of communication is co-ordination of behaviour - it is essential that we should have purpose/aim in common.' (ibid., p.5) 'Lewis does not specifically refer to "system", however, it does not require a large leap of imagination to see systems/organisations as human achievements, based on co-operation.' (ibid., p.5)

It follows therefore that the possibility of a successful sale can be enhanced if both participants make contributions in a co-operative way. When we consciously apply our concepts to experience, and use our a priori principles to interpret and classify, we aim to create useful knowledge that will serve our "interests of action." (Lewis, 1929, p.238)

Interpretation of each participant's comments in the conversation are made by applying;

1. "ready-made distinctions" - we recognise or select things as separate.
2. "relations" - we connect or relate such things.

3. “ways of classifying” - we group like things according to some rule
4. “patterns of temporal relationships” - we apply cause-and-effect reasoning
5. “a certain order, which makes one item significant of others”.

(Lewis, 1926, p.240)

‘Order or logical pattern is the essence of understanding’. (ibid., p.240) ‘Knowledge arises when some conceptual pattern of relationships is imposed upon a given interpretation.’ (ibid., p.240) ‘It is only this conceptual element of order or logical pattern which can be conveyed from one mind to another.’ (ibid., p.240)

The interpretation of the given presentation through the concept represents a probability since it is essentially predictive. It is a reasoning that classifies our recognition of the presentation with similar presentations from our past experiences. The expectation inherent in an interpretation is based on a generalisation of past experiences, and is therefore a probability. At the moment of interpretation, the appropriateness of the applied concept cannot be fully validated. The consequences of the interpretation over time will form the criteria of the concept’s applicability to the particular presentation of the given. (Lewis, 1929, p.289)

Empirical generalisations are probable since they are always ‘at the mercy of future experience.’ (ibid., p.303) The probable knowledge of particulars is further generalised when concepts we apply are universally linked to other concepts. In this way our knowledge becomes a “compounding of probabilities.” (ibid., p.336)

If over time the probability of our empirical judgement is proved to be almost certain then the eventual probability may be very close to “theoretical certainty” (ibid., p.339) ‘Since concepts are essentially instruments, replacement is authorized if the new concepts promise to be substantially more useful than the old.’ (Schilpp, 1968, p.33) Every sales interview with a different customer provides a different experience from which an advisor can increase his/her knowledge and skills and can compare these with

the theoretical concepts of the interview process which were taught by their corporate companies.

2.3 Applying the systems approach to the research problem

As the sales interview is perceived to be a Human Activity System, (HAS) the concept of systems methodology will be investigated as the a priori category or set of principles (according to Lewis) in order to construct a conceptual model which can serve as a learning system to improve the skills of financial advisors when they conduct sales interviews. According to Arbnor and Bjerke (1997) the systems approach itself contains a large number of concepts given as a priori which can be investigated for their contribution towards this objective. (p110)

Systems methodology can serve as a means to organise our thoughts about the real world, while other types of concepts can be included in our investigations to add to a differing interpretation of the problem situation. (Flood & Jackson, 1991, xiii) This statement provides for the opportunity to sweep in concepts and beliefs of various philosophers on the subject of interpretive conversations and to apply these concepts in the methodology of systems thinking, in order to gain a better understanding of the problem situation.

In systems thinking, systems are objects as perceived by people (Flood and Carson, 1988, vii) and 'a "system" is a complex and highly interlinked network of parts exhibiting synergistic properties - the whole is *greater than* the sum of its parts.' (Flood and Jackson, 1991, p4) This can be applied to the sales interview as follows: although only two people may be involved in the sales interview, it can involve numerous interpretations as well as other related systems, to add to a complex and intricate process.

Flood and Jackson (1991, p12) believe that types of relationship between participants in a problematic situation can be distinguished through the 'political characteristics of

unitary, pluralist and coercive.' They also state that we can group problem contexts according to two dimensions:

- 'systems (relative complexity of the systems)
- participants (relationship between the parties who stand to gain/lose)' (ibid., p33)

This grouping allows us to build pluralistic and coercive appreciations of problem situations (such as the sales interview) into any understanding of complexity that is promoted through the systems dimension.

Systems can be classified or categorised 'according to a continuum existing at one end of relatively simple "systems" and at the other end of relatively complex "systems"'. (ibid., p33) Flood and Jackson define the characteristics of complex systems as:

- 'a large number of elements;
- many interactions between the elements;
- attributes of the elements are not predetermined;
- interaction between elements is loosely organised;
- they are probabilistic in their behaviour;
- the "system" evolves over time;
- "sub-systems" are purposeful and generate their own goals;
- the "system" is subject to behavioural influences;
- the "system" is largely open to the environment.' (ibid., p33)

Although the sales interview generally involves only two participants many of the above characteristics are present in its execution and therefore qualifies it as a complex system because:

- it involves many behavioural aspects from both participants
- it is completely open to the environment (society, family, company etc.)

This analysis positions the sales interview as a pluralist relationship within the political metaphor. (ibid., p34) The sales interview process in the Financial Services Industry can therefore be grouped as Complex-Pluralist. (ibid., p35) 'The use of metaphor relates to the idea of "likeness" and can help us to gain insight into difficult-to-understand phenomena in terms of things that we are familiar with.' (ibid., p14)

Flood and Jackson (1991) established Interactive Planning and Soft Systems Methodology (SSM) as the methodologies with which to approach Complex-Pluralist problems, 'as they also offer guidelines in one form or another for the design of whatever "systems" we might wish to bring into existence.' (p39)

'SSM is best employed in pluralist contexts, where there is a basic compatibility of interests, where values and beliefs of participants diverge and yet where genuine accommodation and compromise is possible.' (ibid., p168)

As it is the objective of this study to find a model which will reflect the different phases present in the sales interview, the method of SSM has now been identified as the dominant methodology to assist with this objective.

2.4 The philosophy of Soft Systems Methodology

SSM has been developed for use in ill-structured or messy problem contexts where there is no clear view on what "constitutes the problem", or what action should be taken to overcome the difficulties being experienced. (Flood and Jackson, 1991, p168) A main strength of SSM is that it can draw out other possible ways forward that may have potential benefit for participants and it can generate mutual understanding which may be an essential objective of the sales interview.

SSM believes that problem situations arise when people have contrasting views on the "same situation". The notion of a plurality of possible viewpoints, and consequently

acceptance of many “relevant problems” emerges. The advisor may use the same sales approach in every interview, but the different values and beliefs of each customer may result in final decisions which may differ from one person to another.

SSM, therefore, rejects the means-end approach. ‘The much more interesting questions concern the ends themselves: “*What should be done?*” becomes the main focus of SSM.’ (ibid., p169) To answer this question SSM attempts to draw in and explore a diversity of viewpoints as part of the decision-making and intervention process.

To find answers to this question this research departs from the traditional method of applying SSM (group participation and group learning) in that it attempts to sweep in principles identified from philosophies relevant to the interpretive process of communication between two individuals. From this combination of principals conceptual models can be constructed to serve as guides for financial advisors.

‘The idea of “system”, therefore, is misconceived when employed as a functional goal-seeking means of stating what is, because it misses the essence of social dynamics, and is far better reserved as a means of organising our thoughts and transferring our ideas in a meaningful way to others.’ (ibid., p170)

Checkland (ibid., p.170) stated that with a soft paradigm, the real world is problematic but the process of enquiring into it, the methodologies, may be systemic. ‘This transfers the notion of systemicity from the world to the process of enquiry into the world.’ (ibid., p.170)

SSM articulates a process of enquiry, it is a *learning* system that leads to purposeful action in a continuous cycle. Culture is the key feature for decisions on the way forward, because there are organisational and/or social constraints in the “real world” which potential changes, recommended by interventions, must meet. This clearly reflects the

philosophical base of SSM, particularly the idea of the cohesiveness of social rules and practices. (ibid., p171)

The interview usually commences with a fact-finding phase to establish the purpose of the interview and the nature of the customer's personal details. It is an interpretive conversation in that both advisor and customer interpret what is communicated in terms of their own values, beliefs, needs and objectives. The interpretive grounding of SSM leads very strongly to the principle of *participation*. This is so important that we might go as far as to say that, without the guaranteed participation of those involved, any application of SSM must be invalid in its own terms. (ibid., p171)

Checkland (Flood and Carson, 1988, p271) states that SSM is fundamentally different to hard systems methodologies as it 'embodies a paradigm of learning and orchestrates a process of never-ending learning.' He consolidated the parallels between SSM and interpretive social science in five main points:

1. SSM declines to accept the idea of a problem rather, it works within the notion that there are situations in which varying actors may perceive various aspects to be problematic. Emphasis is not on external reality but on people's perceptions of reality, on their mental processes rather than on the objects of these processes.
2. Any human activity system may be described in many different ways with many different *Weltanschauungen*.
3. Each model of a relevant human activity system embodies a single one-sided concept of such a system, a purer view than the complex perspectives we manage to live with in our everyday life.
4. Stage 5 of the SSM offers a way of describing 'the universal structures of subjective orientation in the world' rather than "general features of the objective world.'

5. An action research approach is preferred for SSM as it is consistent with the idea that one can start in virtually any place in the SSM cycle. This is necessary for iterative learning. (ibid., p271)

The epistemology of SSM chosen for this study will be based on the new Constitutive Rules of Checkland and Scholes (1992, p288) and will make use of the notion of holons or purposeful human activity systems. (Checkland, 1988, p235)

SSM and Pragmatism

Pragmatism according to Flood and Jackson (1991) fails to recognise that learning can take place only if practice (successful or otherwise) can be related back to a set of theoretical presuppositions which are being consciously tested through that practice. (p47) As the sales interview is a practical exercise and the advisor constantly needs to interpret the customer's reactions so that he/she can make the necessary adjustments in terms of a theoretical model, this "learning" is empirical and adds to knowledge for future application by the advisor.

SSM is generally not associated with pragmatism because its aim is to develop ongoing processes of learning rather than a one-off plan that can become obsolete over time. Can it then be used for the design of conceptual models to improve customer satisfaction, sales results and revenue generation or are these objectives too pragmatic for the principles of SSM?

The interview discourse also has the function through understanding to add meaning to concepts which could lead to the formation of beliefs. *'Beliefs determine actions because they can be expressed as conditional expectations; we expect that a certain sensible result will follow particular actions and we thus know how to act if we want that sensible result. The pragmatist principle enjoins us to clarify our understanding of a proposition*

by determining what habits of expectation it involves, how it can guide actions.'

(Hookway, 1985, p225)

Section 2.2 of this chapter describes how Lewis viewed the a priori as the principles and categories by which we form concepts to interpret our observations so that we can create useful knowledge to serve as guides for action. (Lewis, 1929, p238) Lewis believed in "conceptualistic pragmatism" where the a priori has alternatives as a 'set of conceptual schemes whose organization of our experience is subject to modification on pragmatic grounds when it does not conduce to the "long-run satisfaction" of our human needs.'

(Honderich, 1995, p482)

If knowledge is created through empirical experience of the senses, then with Lewis' emphasis that knowledge results from human co-operation, the sales interview then qualifies as a learning system. According to Lewis' philosophy, concepts and principles reveal themselves as instruments of interpretation and reflecting on these is invariably pragmatic also. (Lewis, 1929, p31)

Arbnor and Bjerke (1997) remind us that pragmatism also stands for the epistemological orientation that claims that the value of knowledge is equal to its practical use. This is what they believe is normally associated with the systems approach. "The truth" of a statement or a system description becomes equal to its consequences. (p118) On this basis Lewis's idea of conceptual pragmatism will be investigated in relation to the understanding of the objectives of the phases of the sales interview.

SSM and Power

Flood and Jackson (1991) warn us that; 'The exercise of power in the social process can prevent the open and free discussion necessary for the success of interaction. Human beings have, therefore, an "emancipatory interest" in freeing themselves from constraints imposed by power relations and in learning, through a process of genuine participatory democracy, involving discursive will-formation, to control their own destiny.' (p49)

They conclude that the effects of power can completely undermine any interpretive process of enquiry. (ibid., p168) However, when two individuals communicate power is always present in one form or another and it is an objective of this study to determine whether its influence during the sales interview can be reduced to a point where its effect on the system will not prevent the open and free discussion of the subject.

Financial advisors can be viewed by customers as experts in financial planning and as expertise implies difference, the greater the expertise, the greater would be the difference in knowledge separating the agent from the influenced. (Ng, 1980, p159)

The learning systems of the customer and the advisor may be separate and as such may exclude power so that free and open contributions towards knowledge creation can take place, but when they interact in the sales interview power will be present which may impact on the success of the interview. This study will investigate the possibility of a system which will allow for the reduction of power by the power holder to a level at which the customer is free to decide.

Postmodernism

As stated in the introduction to this study, (Chapter 1) the sales practices currently being utilised in the financial services industry do not provide the required results for either advisors and customers.

The investigation of postmodernism as a philosophy may provide views which could contribute towards possible solutions, as Best and Kellner explain: 'A post-modernist thus calls for new categories, modes of thought and writing, and values and politics to overcome the deficiencies of modern discourses and practices. Some post-modern theorists, like Lyotard and Foucault, focus on developing alternative modes of knowledge and discourse, while others, like Baudrillard, Jameson, and Harvey emphasise the forms of economy, society, culture, and experience'. (Best & Kellner, 1991, p30).

Postmodernism can be characterised by phrases such as:

- decentralised functions
- decentred power
- disintegration of markets
- heterogeneity of markets
- diversity and plurality
- unpredictability
- requires creativity
- individualised modes of being
- moves away from a single opinion to a multiplicity of inputs
- implosion of boundaries.

The heterogeneity, individuality and desired freedom which are strong descriptions of aspects of postmodernism, correlate closely with the descriptions of pragmatism in 2.4, which reflect on goals, results, striving to achieve objectives and their consequences. In the process of buying and selling individuals have their own objectives and can make their own decisions.

It is possible however, that customers may be influenced by sales people to make decisions they would not otherwise have made. (Wartenberg, 1990, p105) The post-modern view states that society or social pressure can often influence purchasing decisions which can be increased by the role of electronic media to mobilise opinion. 'Judgement is communal and intersubjective; it always implicitly appeals to and requires testing against the opinions of other judging persons. It is not a faculty of man in his universality, but of human individuals in their particularity and plurality'. (Bernstein, 1983, p219)

In the act of selling the buyer will not necessarily share the opinions of the seller and may not appreciate the same values, requirements or culture. These differences may lead to debate, argument, conflict and simply the end of the conversation.

When two people enter into a sales conversation, the freedom to contribute towards the conversation is agreed on as is the subject of the conversation. With this agreement a right to enquire is given by one person to another to ask questions. This right also includes the right of the 'giver' to be entitled to his own opinion throughout the discussion and to elect either to share this opinion with the other or to keep it to him- or herself. (Foucault, 1980, pp381-2)

In his analysis of Lyotard's view on postmodernism, Sim states: 'To be always within opinion is to be always within a little narrative framework where pragmatics apply - and that is to be Lyotard's post-modern ideal, a world in which a multiplicity of little narratives replaces the 'terrorism' of a dominating theory concerned to extinguish the flow of opinion.' (ibid., p58)

In a democratic society individuals have the freedom to decide to purchase or decline products or services offered. In postmodernism's view 'This obligation is such that "consumer freedom", premised on and geared to the market, has become the cognitive and moral focus of life, integrative bond of the society, and the focus of systemic management'. (Clegg, 1989, p274) This principle of freedom to decide will be discussed in further detail in chapter 7.

Although Habermas and Foucault are post-structuralists, (Sarup, 1993, p144) they recognise the importance of power as a regulatory, circulatory and coded medium in the sales act. (Clegg, 1989, p133). The relentless stress on the relational quality of power and the fixing of power as relationship's encompassing frame places the sales act within the ambits of postmodernism. The role of power in the sales act are discussed in Chapter 8.

The understanding of postmodernism according to Lyotard is that some postmodern theory accordingly rejects the totalizing macroperspectives on society and history favoured by modern theory in favour of microtheory and micropolitics. Postmodern

theory also rejects modern assumptions of social coherence and notions of causality of multiplicity, plurality, fragmentation, and indeterminacy. 'In addition, postmodern theory abandons the rational and unified subject postulated by much modern theory in favour of a socially and linguistically decentred and fragmented subject'. (Best & Kellner, 1991, p 4)

Language plays such an important part in selling that its application in the process of conversation as the vehicle for the transfer of knowledge, power and freedom to choose will receive special attention in Chapter 5.

The requirements, expectations and contributions both parties bring to the modern sales act fit squarely within Foucault's view of postmodernism as is described by Best and Kellner. (1991) 'It (postmodernism) attempts to classify and regulate all forms of experience through a systematic construction of knowledge and discourse, which Foucault understands as systems of language imbricated with social practice.

Postmodern theory rejects unifying or totalizing modes of theory as rationalist myths of the enlightenment that are reductionist and obscure the differential and plural nature of the social field, while politically entailing the suppression of plurality, diversity, and individuality in favour of conformity and homogeneity'. (p38)

The rationale for the use of the philosophies of pragmatism and postmodernism in this study can be summarised as follows:

- The systematic construction of knowledge in the process of discourse with the objective of securing value and customer satisfaction in the sales process,
- the role of language in 'little narratives' in a heterogeneous society where individuals can act independently within the whole,
- together with the independence valued by many younger customers to have the power to make their own decisions,
- and the ability individuals have today to purchase goods through the Internet as

and when they require, provided from any country throughout the world, but drawn into a manifold by technology, for the choice of and assessment by the individual,

- the move towards the new millennium and the emphasis on technological compliance, changes the awareness individuals have of their own possibilities within a larger community.

In each of the following chapters a specific phase of the sales act will be investigated from a philosophical point of view to express the problem situation of the particular phase (Stage 2 of SSM).

2.5 Why SSM?

The classic approach for the use of SSM involves people in assisting to describe the problem situation and to contribute experiences and activities towards understanding and developing a set of principles from which a practical methodology can be described for use in the actual sales situation.

In this study the author explores a new way of using SSM (monological format) by applying the principles explained through the study of the relevant philosophy to the stages in the sales process with the stages of SSM in order to develop a set of principles which can be of benefit to financial advisors, organizations and customers in the financial services industry. The objectives of SSM of the deepening of principles were achieved through the philosophy research and not through the normal group participation and group learning.

Although the application takes place through a HAS (which is a people system) and the principles explored are those applied by individuals when they interact, the source of concepts and ideas relate to potential problems which were identified from the philosophy pertaining to human interaction.

The study was initiated from 14 years' personal experience in the industry when the researcher himself became involved in the problem, but it was envisaged that the views of philosophers on complex subjects such as language, discourse, world views, power and ethics could provide insight into the problem situations customers and sales people experience regularly when they interact. SSM in this application was used for the author's own clarification of a process which is regarded as very important to customers but yet difficult to understand for financial advisors.

This angle of approach was further encouraged by Checkland's explanation of a methodology as an intermediate status between a philosophy (in a general rather than professional sense) and a technique or method of application. (1988, p162) Although this study refers to the work of many philosophers, it is rather their general philosophy on subjects present in the sales process which encouraged this application of SSM.

The decision to follow the use of systems ideas in soft applications was further encouraged when reference was made to Patching's suggestion that SSM should serve as guidelines for understanding the problems in a HAS. *'The SSM is not a technique, i.e. a method that requires certain procedures to be followed in order to obtain a predictable outcome, but is a set of guidelines for applying systems ideas to problem situations.'* (Patching, 1990, p40)

Through the application of the methods of SSM it is envisaged that a systems model can be constructed for use in explaining the principles of the sales conversation and how they interact with one another, in order for sales people to apply these concepts in action when they communicate with their customers.

3 Recognition and identity

3.1 Introduction

The first phase at the beginning of the sales act when two people enter each other's presence requires that each individual has to recognise the existence of the other, thereby giving the other an identity as a person who can enter into a dialogue with a possible objective (selling or buying) of a specific product or service.

The identity of one individual in the role of a sales person and the identity of another as a customer is crucial to the progress of the sales act and the role each participant is expected to play. To be able to analyse the sales act and the mechanisms involved, the researcher needs to interpret the contributions by a person to the role of that person.

With reference to the identity of a person, Clegg (1989) wrote '*Identity is never regarded as given by nature; individuality is never seen as being fixed in its expression*'. (p151) It is therefore only by recognition that identity is given to the other. Should one person choose to ignore the other when being approached, identity is not given and no discourse can take place.

'Membership in a category, as a particular type of subject, is regarded as the effect of devices of categorization; thus identity is seen as contingent, provisional, achieved not given. Identity is seen as always in process, as always subject to reproduction or transformation through discursive practices which secure or refuse particular posited identities. Identities are not absolute but are always relational: one can only ever be seen to be something in relation to some other thing'. (Clegg, 1989, p151)

Throughout the sales interview the sales person needs to constantly affirm the identity of the customer and so confirm the importance of the customer's role without whom their can be no sale.

Of significance is the fact that the act of selling can not begin if identity through recognition is not given. If this does not happen, it might be the easiest form of avoiding the attention of a persistent seller, if the prospective client is not interested in the products or services on offer. Once identity has been established and the sales person has been recognised as such, it may become more difficult for the prospective customer to terminate the conversation.

3.2 The right to enquire

Once identity has been established the second phase of the sales process can begin. Recognition of an individual and the acquisition of identity does not imply a right to enquire, as the nature of any possible discourse has not been established and therefore has not been approved.

As much as identity is achieved in relation to another person, the right to enquire must be granted by one person to the other as enquiry may be an invasion of the privacy of a human being who holds the right to respond or to ignore the enquirer.

The granting of this right through acknowledgement by the person being addressed may be restricted to a specific subject only and can therefore be viewed as being subject related. A right to enquire on one subject does not imply the same right for any other subject and this right may be revoked if the grantor of the right choose to restrict it to one subject only.

With every new subject (or related issue), a new right must be acquired and granted for the conversation to continue. A practical example is where a sales person has managed to get a prospective customer interested in a product and a sales conversation about the benefits of the product takes place. When the sales person moves onto the subject of

affordability, the prospective customer may view this as a private matter and could terminate the conversation at this point.

The normal sales process may go through a series of subjects, each carrying with it the risk that a right to intrude on the subject may not be granted by the other person.

Customers who ask 'too many' questions may find that the sales person becomes uneasy, either because of lack of knowledge or because the answers to the questions may provide information which could detract from the attractiveness of the product as presented by the sales person.

The right to enquire cannot automatically be assumed on each subject which the buyer or seller wants to pursue, and only after acknowledgement is given by the other that the enquiry is acceptable, can such enquiry continue.

Foucault (1980), in the communicative interaction between two people, explains the rights granted and the process of extraction and offering of information in the following way: 'In the serious play of questions and answers, in the work of reciprocal elucidation, the rights of each person are in some sense immanent in the discussion. They depend only on the dialogue situation. The person asking the questions is merely exercising the right that has been given to him: to remain unconvinced, to perceive different postulates, to point out faulty reasoning, etc. As for the person answering the questions, he too exercises a right that does not go beyond the discussion itself; by the logic of his own discourse he is tied to what he has said earlier, and by the acceptance of dialogue he is tied to the questioning of the other. Questions and answers depend on a game - a game that is at once pleasant and difficult - in which each of the two partners takes pains to use only the rights given to him by the other and by the accepted form of dialogue.' (pp381-2)

It is important to note that Foucault stresses that the replies from the person answering the questions should also be only within the rights given to him by the other. Therefore a

sales person who asks questions from his potential customer, with the purpose of establishing his interests and needs, can only expect answers related to the subject which has been agreed between the two parties. The customer is under no obligation to provide any further information outside this right.

However, if the customer decide to provide nonrelated information, he does so willingly and of his or her own accord, with the risk that the seller may interpret this information in any way he or she pleases.

The customer has also given the right to the seller to pursue this new direction if he or she wants to. The above concepts and principles could assist in generating a productive conversation to the benefit of both participants. The right to enquire about the product or service can now be exercised through the process of discourse.

3.3 Expressing the problem situation

The following problem situations which can affect the processes of recognition and identity in the sales interview as they were identified from the philosophy review above, are that:

- if two individuals are not aware of each other's presence no conversation can take place
- identity is given by the recognition of a person by another
- identity is provisional, always in process and subject to reproduction
- to enter into a sales dialogue requires that recognition and identity of each participants' roles are given
- a customer can only be a customer if he/she is recognised as such by the organisation
- identity is contingent and needs to be regularly confirmed during the interview.

These problem situations can be used to formulate Root Definition 1 and its conceptual model in Figure 10.1.

Possible problem situations identified from the philosophy in terms of the right to enquire and agreeing the subject for conversation are that:

- the right to enquire about a subject must be requested and only when this right has been granted by the other, may enquiry continue
- if a person does not give this right to another, the enquirer cannot expect answers to the questions he/she has put forward
- automatically assuming this right may result in no response from the person being questioned
- without dialogue rights to enquiry cannot be given
- by the acceptance of dialogue a person is tied to the questioning of the other
- when the subject is changed a new right to enquire has to be given.

Root Definition 2 and its conceptual model of the right to enquire if a subject has been agreed, can now be constructed in Figure 10.2 from the above problem situations.

4. Lifeworlds and human discourse

4.1 Introduction

In the act of selling, whether it is in a one-on-one situation, one sales person to a group or in mass media selling, sales people always bring with them their own background and “frames of reference” to the potential customers who, on their part, have their own backgrounds, habits, cultures and social customs.

The social environment and its influence on individuals create a person’s lifeworld, which is dynamic and changes with the change in the environment within which the person is surrounded.

Throughout the sales conversation, every phase of human interaction is affected by the persons lifeworld. It is not a stage in the sales process but a continuous reference for formulating questions and answers, providing opinion, assessing value, standards and making decisions.

Customers today place considerable value on their lifestyle and their freedom to do as they wish as regards their own way of life. Any sales person who disregards this fact may be trying to sell a product or service to someone who, within the context of their own lifestyle, can see no need for it. The probability of success for such a sale is therefore very low.

Habermas (Thompson and Held, 1982) provided a detailed description of what he believed both the sales person and buyer brought to the conversation:

- ‘(i) a general theory of communication which would reconstruct the ‘universal-pragmatic infrastructure’ of speech and action;
- (ii) a general theory of socialisation in the form of a theory of acquisition of communicative competence;
- (iii) a theory of social systems which would make it possible to grasp objective meaning

connections going beyond what is subjectively intended or expressly articulated in cultural traditions; and

(iv) a theory of social evolution which would make possible a theoretical reconstruction of the historical situations of the interpreter (or critic) and his or her object.' (p57)

Further explanation of the concepts 'lifeworld' and 'discourse' and their roles in the act of selling, is provided in more detail below.

4.2 Lifeworlds

Why are lifeworlds important and how do they affect the sale? The answers lie in the understanding of the concept lifeworld itself.

The social interaction amongst human beings, their agreed principles, unique habits, values, beliefs, meanings and understanding of concepts, constitute their form of life. These beliefs and values are communicated, shared and agreed upon through the use of a common language which is in itself agreed amongst people.

This interplay between language and lifeworlds are explained by Wittgenstein: (Finch 1995) 'To imagine a language means to imagine a form of life. The form of life does not explain the language-game, but it does make it comprehensible.' (p51)

Our communications are based on our lifeworlds and we evaluate comments with this reference. 'It is what human beings say that is true and false; and they agree in the *language* they use. This is not agreement in opinions but in forms of life.....What has to be accepted, the given, is - so one could say '*forms of life*' (Wittgenstein, 1968, par. 241; p266).' (Clegg, 1975, p34)

Form of life or lifeworld therefore constitutes the background against which language is formed and agreed by the social interaction of individuals in a specific society. It is against this background that vocabularies are formed and conversations take place,

because the meaning of words and how they should be perceived, are created in lifeworlds.

The financial terminology sales people use may not be part of the customer's lifeworld which can influence his or her understanding of the concepts the sales person is trying to explain. With the development of the Internet an icon vocabulary was created which makes selling through this medium difficult for those who are not familiar with the meanings of the icons.

Bernstein referred to the "...world-disclosing" and "world-articulating" functions of language. (Bernstein, 1983, p77) In order to understand a concept one has to view it in its linguistic context, which in turn should be framed within its social context. Social acceptance of terminology means that new words are added to existing terminology and so doing makes it acceptable.

By explaining new terminology to a customer in a way which he or she can understand it, the use of this terminology makes it part of the customer's lifeworld thereby expanding this reference for future interaction. The level to which a sales person can create this understanding can have a direct effect on the outcome of the sales act.

Clegg provides a clearer explanation of a lifeworld and how it differs from language games. 'Form of life may be distinguished from a "language game" inasmuch as the former may be considered as a meta-language in use; a matrix of human activities with point, purpose and regularity. Any sub-set of this meta-language considered as an object of study can be formulated as a language game. The form of life is what people do, as they comment upon, reflect upon and formulate what they perform. These activities and utterances are exhibited in the language which they use in their everyday activities, the language which enables us to form our enquiries.' (Clegg, 1975, p36) Thus, language is used to describe the form of life while language games are elements of the form of life.

Clegg explains that theorising is a twin dialogue, with the tradition and with everyday life. 'Everyday life is the foundation, as in it we find the source of enquiry, the impulse for understanding.

..... the speeches of this everyday life-world may themselves be theorized as language games of the 'possible society' of everyday life.' (ibid., p37)

Both everyday speech, the source of our enquiry that grounds the dialogue with the theoretic, and theoretic speech, may be formulated in terms of their form of life. The everyday is both the impulse and the synthesis of the dialectic between the two. (ibid., p37)

Wittgenstein carefully pointed out that the limits to our understanding are what we actually do - the whole broad "form of life" of our entire human purpose and activity. 'But, not only do we dwell in this life, we also reflect upon it. Our reflections are themselves, in so far as they are organized into meta-languages (science, religion, aesthetics, etc.), a form of life which promotes an ideal for understanding and explanation.' (ibid., p37)

The language and the finance principles that have been developed by the Financial Services Industry fall squarely within this description of a form of life from Wittgenstein. The performance of everyday activity to which we attend may theoretically involve everyday speech. Under our reflective re-constitution of this activity, we may characterise this everyday speech as our object of study, as our 'language games'.

'These must be revealed by the act of looking, a vision which is necessary acquired through our conventional ways of doing so, because one 'looks' through speech as the means of articulation of our knowledge of things, a knowledge which is revealed by discourse but which is not dependent on discourse.' (ibid., p37)

Clegg's (1975) interpretation of Wittgenstein is that we must then distinguish between form of life as "*that way of being-in-the-world*", and "grammar" as opinions about that being. We must do so because opinions could not serve as grounds for rational debate. (ibid., p38) Rational debate must take place from the departure point of the understanding and meaning that is given by the form of life.

What this focus on form of life suggests is that we can study the realm of financial language rationally and intelligibly 'only in its relation to man's wider social being, in particular in the realm of 'practical activity'; which, in sociology of organizations, is represented by the world of work, the home of Marx's concept of "labour".' (Clegg, 1975, p40)

People from different cultures and people with very strong beliefs could find it difficult to communicate with others who differ in cultures and beliefs from themselves.

Bernstein (1983) referred to Kuhn's rhetoric and metaphors which suggest what Popper has called the "myth of the framework," a metaphor which suggests that "we are prisoners caught in the framework of our theories; our expectations; our past experiences; our language," and that we are so locked into these frameworks that we cannot communicate with those encased in "radically" different frameworks or paradigms. (p84)

For financial advisors this aspect could become their biggest pitfall in that they are so used to the application of investment and lending terminology that they could ignore the fact that their customers do not have the same comprehension of the meaning of these principles. It could also explain the reason why many customers accept the advice given to them only to find out later that it was not exactly what they wanted.

Bernstein also suggested that the many different cultures we encounter relate to many different lifeworlds and in order to understand such a lifeworld one needs to 'try to discover its elements, analyse their function, compare them with other phenomena of the

same culture (literary style, sentence construction, grammar, ideology) and thus arrive at an outline of the underlying world view including an account of the way in which this world view influences perception, thought, argument, and of the limits it imposes on the roaming about of the imagination.' (ibid., p90)

If a particular concept such as modern technology, a cultural habit or a social act within a specific age group is not known to a person, it would have no meaning to that person should he or she come across it in everyday life, even though these examples may have been developed in their direct environment.

When products are sold which are radically different and new to a customer, the task of the sales person becomes more difficult and his efforts should aim to create an understanding of the product and its use within the mind of the customer which can assist the customer to make the correct decision in his or her own interests.

'The point is that even though the "individual" is a complex of inner attitudes, categories, or whatnot, his potential behaviour is a resultant of all these.' (Churchman, 1979, p121)

This view is shared by Maturana and Varela: 'But when we examine more closely how we get to know this world, we invariably find that we cannot separate our history of actions - biological and social - from how this world appears to us. It is so obvious and close that it is very hard to see.' (Maturana and Varela, 1992, p23)

The connection between action and experience and the inseparability between a particular way of being and how the world appears to us, tells us that '*every act of knowing brings forth a world.*

All this can be summed up in the aphorism *All doing is knowing, and all knowing is doing.*' (Maturana & Varela, 1992, p26) They also state that knowing is effective action. This is seen in the effective operation of our everyday life, especially in our activities to ensure our existence. (ibid., p29)

Habermas (Cooke, 1994, p9) was strongly of the opinion that consensus is the fundamental mechanism of social co-ordination in the lifeworld. The interpretation of concepts and their meaning is formed through consensus amongst individuals and once consensus is reached, this understanding then becomes the new basis for the meaning of the concept. The more interaction a customer has with a financial service provider about specific products, the more these concepts become part of a customer's lifeworld.

Cooke believed that the lifeworld has a context-forming function in that people who act communicatively reach understanding with one another against the horizon of the lifeworld. (ibid., p15) He believed that the idea of a horizon indicated that the lifeworld could limit action and that it itself is not accessible to interpretation. He followed this view by stating that the lifeworld is made up of background convictions which are more or less diffuse and which are unproblematic to the extent that they remain unarticulated and unthematized.

'These background convictions constitute a form of implicit, holistically structured knowledge that we cannot make explicit and call into question at will. Participants in communicative action find themselves in situations, and the elements of situations can be thematized readily, but a situation is never more than a segment of the lifeworld that is delimited momentarily with respect to a topic or a problem (what Habermas calls a "theme"). The lifeworld *as a whole* can never be thematized.' (ibid., p15)

The use of financial services and the interaction with banks form only part of a customer's monthly activities. Outside this financial interaction the customer has a different life which does not always incorporate financial services. Financial advisors working in this industry need to take cognisance of this fact when dealing with customers in order not to assume the understanding of a subject by the customer when it is not really so.

Habermas (Cooke, 1994) believed that the lifeworld also fills the function of a resource in our everyday process of communication. He called it 'a reservoir of intuitively certain interpretations' upon which participants in the act of discourse could draw. It enables communication because it contains our vocabulary, language and the understanding of concepts, specifically the kind of communication that is characteristic of communicative action. (p15)

'Habermas claims that the lifeworld, as an enabling condition of communicative action, is itself reproduced by the integrative mechanisms of communicative action. In coming to an understanding with one another, participants stand in a cultural tradition which they simultaneously use and renew; furthermore, as members of social groups they reinforce existing bonds of solidarity while at the same time creating new bonds; finally, they internalize the value orientations of the social group while acquiring competencies that are essential to the development of their personal identities.' (ibid., p15)

When interest rates increase it normally attracts the attention of a large portion of the affected population. Public and media debates can escalate the level of interest in the subject under discussion which can mobilise public opinion and create solidarity.

Consumer bodies and other watchdogs of society are examples of organisations supported by public opinion. Habermas identified three domains of the lifeworld, namely:

- the domains of cultural reproduction,
- social integration,
- and socialisation.

He believed these three domains also corresponded with the three functional aspects of communicative action namely:

- reaching consensus,
- co-ordinating action,
- and socialisation (the formation of personal identities).

(ibid., p15)

Habermas describes action oriented toward understanding (consensus) as communicative action and action oriented toward success as instrumental action. Strategic actions are explained as those actions where participants achieve their respective objectives by using each other as instruments towards their successes. (ibid., p20)

The sales person may want to sell as many products as possible in order to increase the commission income earned whilst the customer may want excellent service and value for money. In order to achieve a sale deemed successful in terms of their own objectives, both participants need to interact with the product as the central subject in mind.

Strategic action is viewed by Habermas (Cooke, 1994) as being in contrast to communicative action. Strategic and communicative action have teleological structures to the extent that in both cases participants act purposively, pursue aims, and achieve results, but otherwise they differ radically in their structural characteristics and the attitudes of the individual agents concerned. (p20)

Communicative action is situated within the linguistically constituted lifeworld and as such, within the aims of communication conceptually. (ibid., p22) Habermas came to the conclusion that the symbolic structures of modern lifeworlds such as cultural traditions, social integration in groups, and the development of personal identities, could only be reproduced through communicative action. (ibid., p. 26)

Cooke (1994) refers us to Wittgenstein's famous point that, without a foundation of institutionalised public norms, shared by a group of people and constituting a "form of life", language and even thought would be impossible. (p109)

In order to communicate efficiently, Habermas emphasised the requirements a speaker should have of the knowledge of the lifeworld and the universal pre-reflexive knowledge that is part of a speaker's linguistic competency. (ibid., p126) This could imply that the more competent a person is linguistically, the more successful the person could be in

sales conversations, because language is formed by the person's lifeworld, but also describes that lifeworld.

4.2.1 Comparison of the concepts "lifeworld" and "system"

Habermas distinguishes between "system" and "life-world" as two aspects of societal integration that must be kept *analytically* distinct. He believes that co-ordination of action in the lifeworld takes place primarily by way of communicative action and that it depends on the action orientations of individuals in society.

In the system however, the functional interconnection of individual agents provides the co-ordination action. The basis for Habermas's distinction between social (lifeworld) and functional (system) integration is whether 'coordination of action depends on or bypasses the consciousness of the individual in her capacity as an agent.' (ibid., p9)

It can be argued that in the sales conversation both lifeworld and system are active in that comparisons are made from what has been communicated with the individual's values, ethics, aesthetics and beliefs whilst the functional, transactional elements of the sales act represent the system side of the conversation.

Integration takes place when lifeworld comparisons are made in terms of functional activities to reach conclusions by which progress is moved along the different stages of the sales act towards the final decisions both individuals make.

Habermas makes a distinction between social (lifeworld) and functional (system) integration as modes of action co-ordination by specifying that the primary mode of social (lifeworld) integration is communicative action, which has as its purpose the objective of creating understanding.

‘Communicative action is the primary mode of action coordination in the lifeworld to the extent that it is necessary for reproductive processes in the lifeworld’s three main domains: Neither cultural traditions nor group memberships nor the socialization of individuals could be reproduced purely by way of strategic action. Nonetheless, both communicative action and strategic action are forms of social (lifeworld) coordination to the extent that they rely on a consciously acting agent.’ (ibid., p133)

Social integration, which is directed toward the symbolic reproduction of the lifeworld, contrasts with functional integration which is directed toward the material reproduction of society, which is conceived as the maintenance of the system.

‘The rationalization processes of modern societies have led to a colonization of the lifeworld by the system, which has given rise to deformations of the lifeworld.’ (ibid., p134) This could indicate that modern man is in danger of becoming less of a social being and more of a heterogeneous individual, driven by technology, operating within a lifeworld with a different language which is altered frequently in the true post-modernist style.

4.3 Human discourse

As shown above, the scope of a person’s lifeworld and his linguistic ability are essential requirements for efficient discourse. Discourse is normally viewed as either structural or functional or an interdependence between the two. The structural view focuses on the rules, principles and arrangements of word and sentence construction whilst the functional view focuses on the meaning, intention and interpretation of utterances.

For the purposes of this study the focus will be more on the functional view, which studies language in relation to its social function, as this will allow for the investigation of meaning, intent, transfer of information and knowledge, concerns and decisionmaking.

The analysis of the sales conversation, although of a structural nature, has to include the objectives of the sales message and the personal objectives of each individual.

Brown and Yule (quoted in Schiffrin, 1994) formulated their functionalist view of discourse as the analysis of language in use. As such, it cannot be restricted to the description of linguistic forms independent of the purposes or functions which these forms are designed to serve in human affairs. (p31)

A functionalist view would include discourse as a system within which the use of language could lead to action or the realisation of objectives for the speaker or listener. This system would allow for the two-way transmission of messages, feedback, signs and emotions and as such provide the basis for a study in the process dynamics of the sales act.

The study of discourse analysis is a vast area with many views, some of which are described by Schiffrin as:

Speech act theory - communicative acts performed through speech

Interactional sociolinguistics - social and linguistic meanings of communication

Ethnography of communication - language and communication as cultural behaviour

Pragmatics - meaning of individual utterances in hypothetical contexts

Conversation analysis - construction of social order through sequential structures in conversation

Variation theory - how form and meaning help to define text. (ibid., p47)

Selling through the process of an interview would imply human interaction (face-to-face or voice-to-voice, as it is known) through the use of language which makes it dependent on the contribution to the dyad by the two individual members or else termination of the sale will result. The use of language therefore, ensures the social structure within which buying and selling can take place.

The exchange of information in a direct sale, happens within the linguistic domain constituted by the common language used by the buyer and seller. The vehicle of speech is used as the means of knowledge articulation of things, 'a knowledge which is revealed by discourse but which is not dependent on discourse.' (Clegg, 1975, p37)

Discourse theory was viewed as the very core of our existence, as is reflected in the interpretation of Foucault: 'the apparatus that constitutes the social body as a thoroughly heterogeneous ensemble consisting of discourses, institutions, architectural forms, regulatory decisions, laws, administrative measures, scientific statements, philosophical, moral and philanthropic propositions - in short, the said as much as the unsaid.' (Best and Kellner, 1991, p27)

Pierce, (Hookway, 1985) said: 'We advance towards truth through conversation and dialogue with our fellows; the community is essentially one of dialogue and conversation.' (p119)

Habermas (Cooke, 1994) gave us three aspects involved in uttering a linguistic expression, namely: 'I (the speaker)/ come to an understanding with a hearer/ about something in the world.' He also identified these three aspects as 'the three structural components of speech acts: the propositional, the illocutionary, and the expressive.' (p55)

The sales conversation is essentially an act between a speaker, (the sales person which is also a listener) the listener (the customer who can ask questions and express opinions) about an act (the sale - verb). The sales act is normally an accepted activity in society, but understanding often needs to be created about the subject (product or service).

Postmodernism as discussed previously in Chapter 2, has a commonality with discourse theory in assuming that it is language, signs, images, codes, and signifying systems which organise the psyche, society, and everyday life. (Best and Kellner, 1991, p27)

The view that postmodernism provides for a more defined understanding of the communicative action between two individuals, is confirmed by Clegg. 'Language is the central focus of all post-structuralism. In the broadest terms, language defines the possibilities of meaningful existence at the same time as it limits them. Through language, our sense of ourselves as distinct subjectivities is constituted. Subjectivity is constituted through a myriad of what post-structuralists term 'discursive practices': practices of talk, text, writing, cognition, argumentation, and representation generally.' (Clegg, 1989, p151)

Postmodern theory generally follows post-structuralist theory in the primacy given to discourse theory. Both structuralists and post-structuralists developed theories which analysed culture and society in terms of sign systems and their codes and discourses.

According to Foucault (Best & Kellner, 1991) discourse theory can be read as a variant of semiotics which analyses society in terms of systems of signs and sign systems.(p26)

Social interaction in general, and the specific act of selling in particular, presuppose the existence of a dyadic relationship in the sense that interaction and the sharing of knowledge would cease as soon as one of the participants leaves the relationship. So the question of what sustains the relationship becomes important.

Thibaut and Kelly (Ng, 1980) introduced the concept of "comparison level for alternatives", which they defined as the lowest level of outcomes that a person will accept in the light of alternative outcomes available elsewhere. Person B will remain in the relationship as long as the outcome of the relationship is superior to that provided by his best alternative relationship, 'otherwise he will make exit and enter the latter instead.' (p174)

Communicative action is therefore a mechanism of social (lifeworld) integration and reproduction in the domains of cultural reproduction, social integration, and socialisation.

4.3.1 Speech acts

Why do people communicate and is it necessary to “achieve” something when entering into discourse? Could a sales person be equally successful in selling should he or she not enter into a dialogue with a customer? One of the ways of analysing discourse is through the focus on speech acts, which is explained by Schiffrin (1994). ‘Speech act theory, then, is basically concerned with what people “do” with language - with the functions of language.’ (p90)

This view is also emphasised by Austin and Searle (Cooke, 1994) ‘what they have in common is an emphasis on the fact that the speaker, in *saying* something, *does* something.’ (p56)

The transfer of messages as an act needs to be supported by the content of such messages in the sales act, in order to reach its pragmatic objective. Empty messages are not likely to attract a customer’s attention to part with his or her money unless the product on its own has the attraction to do so, but then a communicative sales act would not be necessary.

Habermas concludes that when a speaker performs a speech act he enters into a relationship of obligation with the hearer. This relationship is based on the speaker’s undertaking to support what he says with reasons. Habermas believes that in so doing, the speaker raised a validity *claim* thereby implying that what he says is true or right and that he will provide reasons to support this claim if the hearer argues that it is necessary. (ibid., p58)

The fact that the act of selling takes place in a dialogue makes the dialogue itself an act and thus also the use of language in the dialogue is an act. The sales person has to perform the “act” of communicating with his prospective customer and in so doing, is transferring knowledge and information, as well as rights and identity, to the other.

4.4 Expressing the problem situation

The function of a person's lifeworld in interpersonal conversations has been explained by the above discussion of the relevant philosophy. Associated problem situations which can have an impact on the sales act are:

- a person's lifeworld contains his/her values, standards, principles, culture, habits, language, vocabulary, the meaning of words and how they should be perceived and is different from one person to another
- this uniqueness creates the possibility that specific concepts such as financial terminology may be interpreted differently by each person
- this can result in either a lack of understanding or a difference in understanding between advisor and customer with the following consequences;
 - i. a no sale
 - ii. the wrong product purchased
 - iii. specific product benefits not fully understood
 - iv. a total breakdown in communication
 - v. a poor relationship between the advisor and the customer
- if the advisor uses terminology which the customer does not fully understand, the customer cannot expand his/her lifeworld with these concepts which can reduce the possibility of a successful sale
- language ensures the social structure within which buying and selling takes place and speech forms the vehicle for the transfer of knowledge in the sales conversation which implies that inefficient selling can be related to poor communication
- speech acts is what people do with language, and the content gives it a pragmatic objective.

The system which describes the role of a person's lifeworld in the sales conversation can now be formulated in Root Definition 3 and conceptual model 10.3

Maturana and Varela (1992) stated that in social interactions, language appears when the operations in a linguistic domain result in ' coordinations of actions about actions that pertain to the linguistic domain *itself*. (p.209). They were of the opinion that the linguistic domain was central to the operation of a human social system to allow for the incorporation of language, which is the real or domain of existence for humans. (ibid., p199)

Just as organisations need a form of structural coupling between their components, so also do human social systems require components structurally coupled in linguistic domains, 'where they (the components) can operate with language and be observers.' (ibid., p199)

How then is it possible that a specific language such as economics or selling terminology is created? In *The Postmodern Condition* Lyotard provides the solution according to Habermas's belief that language consists through consensus among its users. (Lyotard, 1997, pxxv)

The transfer of knowledge in the social linguistic domain, results in the recipients of this knowledge being in a position to make a more informed decision and also to be different in the way they can perceive the world around them, due to this new-found knowledge.

Berger & Luckmann, (1991) stated that; 'In the dialectic between nature and the socially constructed world the human organism itself is transformed. In this same dialectic man produces reality and thereby produces himself.' (p204) As we ourselves produce language and conversation, so we also change the world according to the way we view it. New industries are created which can change the habits and lives of many others.

Sales people formulate their contribution to the sales conversation within their linguistic domain and equally so do customers. Because they have language domains which are

different but also similar in many respects, it is possible for effective conversations to take place.

Where different language domains do occur, clarification is necessary to add meaning to words which will grow the individual's linguistic domain. It follows that some sales acts may be successful without having to create any new meanings whilst others result in participants leaving the sales conversation with new words, meanings and understanding having been created.

The reality of the language domain within which we operate, is maintained by our conversation. Berger and Luckmann stressed that the greater part of this reality-maintenance in conversation is implicit and not explicit. (ibid., p172)

A pragmatic approach is needed to achieve a language domain which will allow for the communication of our needs and wants in the financial world we live in. Products foreign to us must thus become familiar through the description in language of its attributes and so become part of our language domain.

5.2 Forms of communication

Communication is not only dependent on the spoken word, but may be coded in a variety of different physical and chemical structures, such as light waves, sound waves, print, pictures, bodily gestures and facial expressions. (Boulding, 1989, p32) All of these or a combination of them can be present in the sales act and anyone of them could influence the outcome in a positive or negative way.

Downing (1981) suggested that not all languages make use of words, not even all human languages. Some use numbers (arithmetic) or gestures (rituals) or sounds (if we think of music as a language etc.). (p48)

This aspect is very important in marketing and promotion work, because many forms of advertising do not make use of verbal communication, but could use music, sounds, pictures, lights and other visual aids, and in some instances touch and smell. All of them could convey a powerful message to the viewer or listener which require new ways of designing advertisements on, for instance, the Internet.

Peirce (Hookway, 1985) elaborated on signs in that they exploit a dyadic relation between sign and object which are called indices and those which rest upon a shared character are called icons. (p125) He believed that symbols are abstractions definable in terms of the equivalence relation that suits 'all of its replicas to serve as icons of each other.' (p126)

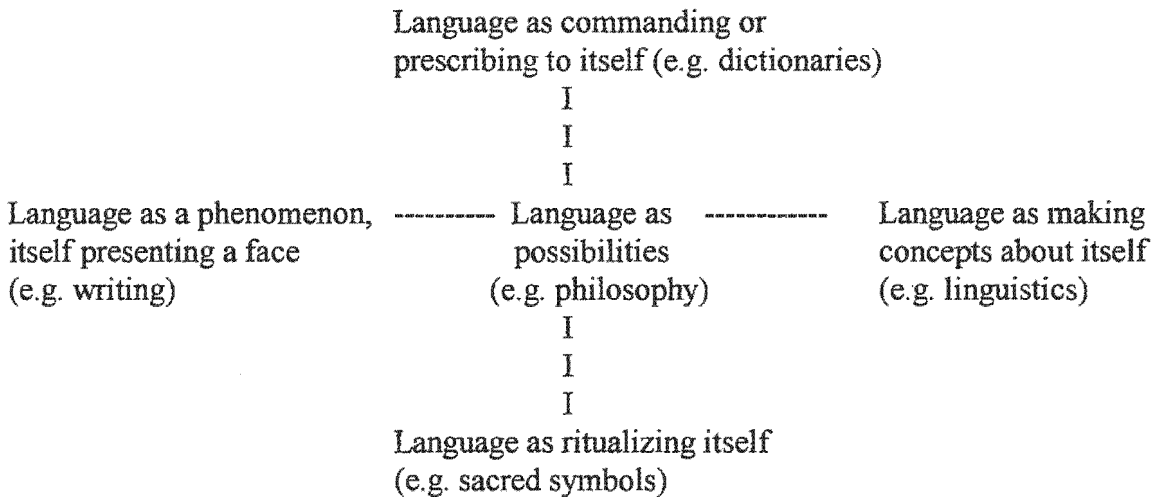
The use of pictures and sound crosses the age barrier for children who cannot yet write, and the culture and language barrier for those who wish to communicate in a foreign language. Finch refers to the proviso supplied by Wittgenstein in his *Philosophical Investigations*: '(If a concept refers to a character of human handwriting, it has no application to beings that do not write) (PI 174).' (Finch, 1995, p52)

Berger and Luckmann (1991) defines language as a system of vocal signs and believe it is the most important sign system of human society (p51), whilst Capra states that: 'To be human is to exist in language.' (Capra, 1996, p282) These statements emphasise the role and importance of language in the sales model that is to be designed.

This study incorporates the philosophy of postmodernism and therefore the view that language is the central focus of all post-structuralism. Foucault (Clegg, 1989) believed that; 'In the broadest terms, language defines the possibilities of meaningful existence at the same time as it limits them. Through language, our sense of ourselves as distinct subjectivities is constituted. Subjectivity is constituted through a myriad of what post-structuralists term 'discursive practices': practices of talk, text, writing, cognition, argumentation, and representation generally.' (p151)

In terms of the possible applications of language Finch constructed the following schematic compass:

The reflective language compass



1. in dictionaries - it defines itself
2. in linguistics - it creates concepts to theorize about itself
3. in religions - it sacrilizes itself
4. in writing - it gives itself a face

(Finch, 1995, p77)

The compass is valuable for the design of sales communication with the objective to attract reaction from customers in that it explains the potential uses to which language can be applied depending on the message each section of the communication has to convey.

Wittgenstein (quoted in Finch, 1995) expanded further on the variety of different words language might possess: 'one for "thinking out loud"; one for thinking as one talks to oneself in the imagination; one for a pause during which something or other floats before the mind, after which, however, we are able to give a confident answer. One word for a

thought expressed in a sentence; one for the lightning thought which I may later “clothe in words”; one for wordless thinking as one works.’ (ibid., p127) In this format words represent the building blocks of sentences from which, together with grammar, we can construct the sentences and messages of our communication.

Wittgenstein, (Finch, 1995, p44) provided us with a long list of examples which he believed language tempts us to misunderstand:

- suggesting misleading pictures
- surface similarities concealing deeper differences
- suggested analogies that can’t be carried out
- leading us to try to say what cannot be said
- entangling us in our own rules
- conflicts between different uses of words
- creating out-and-out illusions
- giving incorrect accounts of uses of words
- inventing a myth of meaning
- counting some useless thing as a proposition

These examples could be possibilities of the use of language to bind us to its norms. In themselves the use of these examples indicate the different sales conversations which can take place which explain the confusion or dissatisfaction which sometimes occur after an attempted sales act.

Language used as a verb is an ongoing process that only exists as languaging and not as isolated items of behaviour. (ibid., p210)

5.3 The importance of language in sales conversations

The following quote from Rorty (1989) summarises the importance of language in our everyday lives: 'All human beings carry about a set of words which they employ to justify their actions, their beliefs, and their lives. These are the words in which we formulate praise of our friends and contempt for our enemies, our long-term projects, our deepest self-doubts and our highest hopes. They are the words in which we tell, sometimes prospectively and sometimes retrospectively, the story of our lives. I shall call these words a person's "final vocabulary".' (p73)

Specialised subjects require specialised knowledge and could imply a language or vocabulary related to that subject. This is often the case in selling, especially in the financial services industry where knowledge about the economy, investment instruments and risk in the process of borrowing, bring its own vocabulary to the conversation.

Berger and Luckmann (1991, p72) believed that language makes "more real" our subjectivity not only to our conversation partners but also to ourselves. Their statement implies that the repeating of concepts, ideas and facts could improve the understanding of the subject by the speaker him- herself. This view is shared by Finch who believes that; 'The meaning of a word is its use in the language.' (Finch, 1995, p57)

Language can be viewed a system of signs that expresses ideas, or signifieds, through differing signifiers that produce meaning. Saussure (Best & Kellner, 1991, p19) emphasised two properties of language that are of crucial importance for understanding contemporary theoretical developments:

- (i) the linguistic sign is arbitrary, which indicate no natural link between the signifier and the signified, but only a 'contingent cultural designation.'
- (ii) the sign is differential, 'part of a system of meanings where words acquire significance only by reference to what they are not: "In language, there are only differences *without positive terms*".'

This view is shared by Bernstein who believes that language is the medium of all understanding and all tradition, and that language is not to be understood as an instrument or tool that we use, but rather as the medium in which we live. 'Like play itself, which reaches presentation (*Darstellung*) through the players, so language itself reaches presentation through those who speak and write.' (Bernstein, 1983, p145)

Clegg also quotes Hall on this issue that although language is created by consensus among individuals, it could still be interpreted in different ways depending on the situation 'because language by its nature is *not fixed* in a one to one relation to its referent but is "multi-referential": it can construct different meanings around what is apparently the same social relation or phenomenon.' (ibid., p180)

In a way this statement presents a challenge to the sales person in the sense that a standard sales pitch learnt by heart may not create the same understanding for every customer and therefore, to improve his/her chances of success, the sales person has to establish very early on in the conversation the needs of the person he/she is dealing with.

In an earlier publication by Clegg (1975), he refers to the potentially different interpretation of words and phrases, and especially the role that culture can have on human beings and the way they think. 'Ethnomethodology similarly focuses on everyday language, particularly the way in which members use it to make everyday activities visibly rational and accountable as a socially organized phenomena' (p6) and 'Under the view of 'theorizing' which stresses its 'grammar' then it might be thought that what we see is brought to life by the complex commitment of our attachments to particular theories, methods, ethics and political beliefs, so that what we say is brought to life by the language in which we speak, by way of which we speak that which lets us be.' (p28)

People can be recognised by the vocabulary and language they use, especially in relation to aspects such as their cultural background and also the profession they represent. This is especially prevalent in South Africa with its eleven ethnic groups. Although the

population is brought up in the same country, it is still possible that very diverse cultural habits are ingrained in peoples' minds as part of their lives.

Lind and O'Barr (Ng, 1980) said that; 'Within the same culture, the poor and the powerless speak a different language from the rich and the powerful.' Mueller (*ibid.*, p113) added that; 'The language of the hard-core poor is a restricted speech code. The categories of his language allow for a grasp of the here and now; but they cannot be used in a reflective way and they do not permit an analysis, hence a transcendence, of his social context. In narrowing his ability to discriminate, to conceptualize, and to analyse, the language of the poor renders his condition more acceptable to him. At the same time, it inhibits the development of his political consciousness.'

Finch (1995) said that language cannot be "explained" or "justified". It doesn't need to be "grounded". It doesn't even need to be "applied"; 'it is applicable by its very nature' (p. 43). 'Grammar, language-games, and forms of life do not need to be justified and cannot be. They are "given".' (*ibid.*, p107) In terms of language he said: 'There is no place to go. We are already where we ought to be.' (*ibid.*, p119)

In Chapter 2.2 the philosophy of C.I. Lewis was discussed with reference to the given and the a priori which form the basis from which we learn new words and concepts. The above comments from Finch confirm the presence of our vocabulary as a priori with which we compare new words and by which we learn their meaning.

Wittgenstein (Finch, 1995) believed that language is the essence of things and that nothing can come before language; 'there is nothing "given" before it. Language, as it were, "surrounds" both objects-and-subjects, world-and-human, body-and-mind' (p120)

How then are words used in sentences to create understanding? Wittgenstein's view (Finch, 1995) was that grammar is not accountable to any reality. It is grammatical rules

that determine meaning, and language remains its own standard and its own master.

(p122)

In selling, the objective of the conversation is to create a level of understanding about the product or service, for both the buyer and the seller. If either or both parties fail to achieve this understanding, it could be possible that their grammatical use of language was not successful.

There has to be some agreement between buyer and seller not only about the meaning of words, but how they are used in the context of speech. Finch states that the objectivity between two participants is now a product of human agreement in language and action.

(ibid., p122)

Every reflection, including one on the foundation of human knowledge, invariably takes place in language, which is our distinctive way of conversing in an imagined dialogue.

(Maturana and Varela, 1992, p26)

During the sales conversation, contemplation of the new-found knowledge and its value takes place in language and could include words and terminology specific to the product or industry. These thoughts may or may not be expressed, which is part of the sales game and the skill of each participant.

Cooke (ibid., p211) reminds us that meaning arises as a relationship of linguistic distinctions and that all this is what it is to be human. 'We make descriptions of the descriptions that we make (as this sentence is doing). Indeed, we are observers and exist in a semantic domain created by our operating in language where ontogenic adaptation is conserved'.

Cooke makes the powerful statement that we human beings are human beings only in language. 'Because we have language, there is no limit to what we can describe, imagine,

and relate (ibid., p212). It could thus be possible to be always successful if the seller has access to all the possible words, languages, descriptions and thoughts of the applicable product for sale and is efficient in their application.

‘In a similar manner, the fact that there is no single, perfect, final language or model to capture the world misses the essential point that there is after all a language for expressing this very fact.’ (Mitroff and Linstone, 1993, p161)

It is therefore in language that the self, the I, is created as the social individual it really is, and it can be defined by the operational intersection in the human body of the recursive linguistic distinction in which it is practised. It confirms that in the network of linguistic interactions in which we live, *‘we maintain an ongoing descriptive recursion which we call the “I”’. It enables us to conserve our linguistic operational coherence and our adaptation in the domain of language.*’ (Maturana & Varela, 1992, p. 233)

What biology shows us is that the uniqueness of being human lies exclusively in a social structural coupling that occurs through languaging, generating (a) the regularities proper to the human social dynamics, for example, individual identity and self-consciousness, and (b) the recursive social human dynamics that entail a reflection enabling us to see that as human beings we have only the world which we create with others - whether we like them or not. (ibid., p246)

Individual sales people differ in their linguistic ability and lifeworlds which require that in order to be successful in interactive selling, verbal adjustments have to be made in relation to their own skills and understanding. This aspect needs to be tested in the final sales model to establish if it will make provision for such differences.

5.4 Language games

Smart talking and linguistic manipulation are concepts which have become associated with sales people. Would these merely be an ability or skill they have or is it a game which they play with the uninformed customer not always knowing the rules?

Wittgenstein, in his *Philosophical Investigations*, believed that language is a collection of language games and gave meaning to the term “language game” by providing the following definition: ‘I shall also call the whole, consisting of language and the actions into which it is woven, the “language-game”. (PI 7)’ (Finch, 1995, p46)

With reference to Chapter 4 where the concept lifeworld was discussed, Hunter (Clegg, 1975) has termed it the ‘language-game account’, in which a language game is a prime example of a form of life, and calling it such is saying that it is something formalised or standardised in our life; that it is one of life’s forms. It is not necessarily standardised in any permanent way: language games, like any other games, will appear and change and disappear. He warns us that at any given time, it would not be clear enough, whether any given utterance would count as ‘playing the game or not.’ (p34)

What then is the meaning of the statement “a language game is a form of life”? Clegg provides two possible answers:

- first, that there can’t be any *private* language games, the game must exist as a standard before it can be ‘played’;
- and second, that unlike most ordinary games, language games are intricately bound up with other aspects of life, with plans and fears and thoughts and activities, and therefore can not be understood in isolation from these. (ibid., p34)

Sales conversations thus are prime examples of language games as they are ‘played’ with planned objectives, intentions and expectations. They are intricately bound by a person’s lifeworld, preferences and values and may reflect these aspects of life. When they don’t,

this in itself may be an objective of the sales person or customer and is then part of the game.

Language games are not fixed or given once and for all, but new types of language and new language games are created and others become obsolete and get forgotten.

Wittgenstein reminds us that the term 'language game' is meant to bring into prominence the fact that 'the *speaking* of language is part of an activity or form of life.'

(Wittgenstein, 1978, par.23)

In relation to the world of finance the question can be asked if game theory has any use to us? Lyotard believed that its use lie in its value as a generator of ideas. (Lyotard, 1997, p60) When financial advice is required by customers, the sales person has to present ideas or suggestions which can solve the customer's needs.

Lyotard believed strongly that postmodernism propagates the end of grand narratives, that heterogeneity in conversation allows for the individuality of the participants and creates the opportunity for them to express their own views within the social bond. In the act of conversation they are free to play their own language games in relation to the objectives they wish to achieve.

'Thus the society of the future falls less within the province of a Newtonian anthropology (such as structuralism or systems theory) than a pragmatics of language particles. There are many different language games - a heterogeneity of elements. They only give rise to institutions in patches - local determinism.' (Lyotard, 1997, pxxiv)

Current demands on call centres where sales people sell over the phone to customers they have never met before are to listen intently to the little narratives of the customers so that they can assess in limited time the requirements, possible needs and willingness to buy, of the customers. They then have to play their language games to make the customers decide to purchase the products they suggest.

In Chapter 3 the importance of identity and the right to inquire given to the other were discussed. These mechanisms conveyed the rules of the conversation each individual agreed to participate in and could be changed or terminated at any stage. Lyotard's view supports this when he says that; 'The narration obeys rules that define the pragmatics of their transmission. What is transmitted through these narratives is the set of pragmatic rules that constitute the social bond.' (ibid., p21)

Lyotard (1997) makes the following three observations about language games:

- 'their rules do not carry within themselves their own legitimation, but are the object of a contract, explicit or not, between players (which is not to say that the players invent the rules)
- if there are no rules there is no game, even an infinitesimal modification of one rule alters the nature of the game, (a "move" or utterance that does not satisfy the rules does not belong to the game they define).
- every utterance should be thought of as a "move" in a game.' (p10)

The importance of communication and the way we communicate constitute the very fabric of society. It is therefore unthinkable that a sales process can take place without some form of communication. Lyotard (1997) states that: '.... language games are the minimum relation required for society to exist:' (ibid., p15)

Financial organisations are criticised for being prescriptive and not very accommodating. Lyotard (1997) believes that the weight of certain institutions imposes limits on the games, and thus restricts the inventiveness of the players in making their moves. (p17) This implies that sales people should be creative and use their initiative to suggest packages of products and services which ideally would suit each individual in his or her own way.

Rorty had an ironist's view on language games and believed that in an argument with another person, it would be wrong to meet the arguments head-on and thereby play into the strategy of the other. He proposed a redescription of the words and phrases, thereby formulating the arguments according to his own game and the meanings of words as he understood them. (Rorty, 1989, p9)

Financial advisors sometimes find themselves locked in an argument with their customers on the subject of service fees or interest rates. The advisor has to protect the bank's profit margins and still retain the customer whilst the customer is trying to secure the best deal for him- or herself. Rorty's suggestion of redescription and use of different terminology is often applied and this upsets customers even more to the extent that low levels of trust and animosity are created.

The term "dialectic" is defined by Rorty as the attempt to play vocabularies off against one another, rather than merely to infer propositions from one another, and thus as the partial substitution of redescription for inference as discussed above. He also viewed Hegel's so-called dialectical method as not an argumentative procedure or a way of unifying subject and object, but simply a literary skill, a skill 'at producing surprising gestalt switches by making smooth, rapid transitions from one terminology to another.' (ibid., p78)

Rorty asks what the point is of playing the game in question and 'For what purpose is this final vocabulary useful?' The only available answer to both seems to be one Nietzsche gave: 'It increases our power; it helps us get what we antecedently decided we want.' (ibid., p115)

As much as language is the vehicle for the transfer of information between the sales person and the customer, so is the 'playing' of the language game the act which explains, entices, and encourages the customer to decide to purchase the goods or not. Customers play their own language games according to their own lifeworlds and vocabulary. The

success of the sales act for both parties depend on the understanding which is created by the playing of their language games.

5.5 Expressing the problem situation

Potential problem situations relative to the sales interview identified from the above philosophical study are:

- the ineffective use of language as the medium for the transfer of information can result in a reduction in the quality of the decisions being made in the sales interview
- different language domains require the clarification of concepts in order to add meaning to words which will grow the individual's linguistic domain
- the possibility of learning new words will be limited if the sales person uses terminology which the customer does not understand
- if the level of understanding between a customer and a sales person is limited, the chances for a successful sale will be reduced
- the efficient use of language and language games by either participant can affect the success or failure of a sale.

The system describing the use of language and language games in the sales conversation can now be formulated in Root Definition 4 and the associated conceptual model 10.4.

6 Interpretive conversations

6.1 Introduction

In Chapters 4 and 5 we have seen how a person's lifeworld represents the knowledge and experiences accumulated in a lifetime, how discourse takes place between two individuals and the role of language to transfer information in a conversation. The concept of language games according to Wittgenstein was investigated in its relation to the sales conversation.

Information transferred during a conversation is added onto a person's lifeworld and new terminology helps to grow the linguistic domain. But what does the receiver of this information do with it and how important is it for a customer and a sales person to interpret each other's comments, signs and language? This chapter searches for the answers to these questions in the general philosophy and will investigate possible applications in the sales process.

The sales conversation in the financial services industry is more than mere communication. It requires a minimum level of focus and concentration to attract the other's interest and attention and has a direct correlation with the complexity and knowledge of the subject.

Information supplied by either person needs to be interpreted by the other to understand its meaning so that it becomes new acquired knowledge. The conversation brings its own terminology (finance), its own requirements (the risk of financial loss if the wrong decision is made), and its own professionalism (the codes that govern advisors of financial services).

When customers are not informed about the products and services available to them, they have no idea of exactly what it is that they require as they do not know the solutions to their specific problems. Through a series of consultative, interpretive conversations the

customer and the sales person together can identify the needs affecting the customer's lifestyle and from here the sales person can offer the most suitable solution.

Interpretation in this example can be seen as a highly creative process through which the objective is to formulate solutions in terms of the sales person's knowledge of what his or her organisation can offer. The interpretive sales person 'embraces ambiguity and improvisation as essential to innovation, seeking openings, not endings.' (Lester et al., 1998, p89)

For these reasons the conversation in sales is not a mere matter of communication, but brings with it;

- the presentation of information,
- a highly interpretive component,
- an activity of inquiry,
- the opportunity to gain clarity through questions and answers, and
- a pragmatic objective with end goals or expectations.

In Bernstein's discussion of Gadamer he informs us that in a genuine dialogue or conversation, what is to be understood, guides the movement of the dialogue. Information is supplied in order to facilitate understanding and questions are asked to gain clarity. (Bernstein, 1983, p162)

Gadamer stated that even in the written word, 'Texts are "permanently fixed expressions of life" which have to be understood, and that means that one partner in the hermeneutical conversation, the text [,] is expressed only through the other partner, the interpreter.' (Bernstein, 1983, p162) The sales person can be seen as the interpreter of the customer's needs and if this was done efficiently it would go a long way towards customer satisfaction.

On the role of language in the sales conversation Gadamer said that every conversation presupposes a common language, or better, creates a common language. (Gadamer, 1997,

p378) The sales person will do well if he or she explains the terminology applicable to the product under discussion before its use and value to the customer is pursued.

The customer's role is not only to learn new words and develop an understanding of their meaning, but rather, 'in a successful conversation they both come under the influence of the truth of the object and are thus bound to one another in a new community.' We do not reach understanding when we have successfully asserted our own point of view, but rather we are 'transformed into a communion in which we do not remain what we were.' (ibid., p378) This happens during interpretation, when meaning and understanding is created which may change the customer's views and decisions.

Gadamer maintains that there is no essential difference between understanding and interpretation. 'All understanding involves interpretation, and all interpretation involves understanding.' (Bernstein, 1983, p138)

A more technical explanation of interpretation is provided by Cicourel in an analysis from Clegg (1975). 'Interpretive procedures' as opposed to 'surface rules' (norms) are similar to, but in many ways different from, Chomsky's distinction between 'deep structure' (for rendering a semantic interpretation to sentences) and 'surface structure' (for designating phonetic interpretations to sentences), for interpretive procedures are constitutive of the member's sense of social structure or organization. The acquisition of interpretive procedures provide the actor with a basis for assigning meaning to his environment or a sense of social structure, thus orienting him to the relevance of 'surface rules' or 'norms.' (p72)

Interpretation implies that from the beginning of the sales conversation:

- a common ground is created
- which contains a mutual understanding by each individual,
- that the other is aware of the subject being discussed,
- they understand some or all of the terminology used,
- they are comfortable to give comments to the other and
- are prepared to pursue the current direction of the conversation
- as long as interest is maintained.

The subject matter with its related vocabulary, creates the discussion and leads to questions being asked and answers being provided purely because of the language that surrounds it. The understanding of words and language by each participant and the communication of this understanding in the conversation can alter or add to the meaning of a word for the other.

Wittgenstein in his *Philosophical Investigations* explained 'Thus when I tell you what I think, I am not transferring thoughts to you - I do not lose them. I express what I think - and for you to understand you do not need to have the same thoughts, or think what I think.' (Wittgenstein, 1978, p23) A person who speaks, uses the general meaning of words in such a way that every word he or she uses is orientated towards the particularity of the message he or she is communicating.

Gadamer believed that speaking implies the use of pre-established words with general meanings, whilst simultaneously a constant process of concept formation is going on, by means of which the life of a language develops. (Gadamer, 1997, p428) The meaning of words and the interpretation of these meanings form the basis of the conversation as the words themselves are chosen in terms of their meanings and, by using them in a sentence, the interpreter can come to an understanding of the message being conveyed by

them. Wittgenstein (Finch, 1995) believed that we say that there isn't any doubt that we understand the word, and on the other hand its meaning lies in its use. (p128)

Peirce again believed that through conversation and dialogue with our fellow human beings, we move towards the truth by clarifying uncertainties and that the community is essentially one of dialogue and conversation (Hookway, 1985, p119).

Bernstein (1991) had a much more radical view, as expressed in his point that there can be no dialogue or communication 'unless beliefs, values, commitments, and even emotions and passions are shared in common'. (p51) He believed that through communication with others about things which are unknown to us, we can also reach further self-understanding. (ibid., p66) The customer who walks away with a better understanding of a product after a sales meeting has added to his or her lifeworld.

The arguments used above escalate the sales dialogue to a level which justifies the term interpretive conversation, which implies a process more complicated than the mere exchanging of words and sentences.

Habermas (Clegg, 1989) confirmed the view that conversation is an act which is a function of the communicative competence between speakers and hearers. 'All social action, it is argued, implies a reciprocity of perspective and thus implies a dialogue of justification. Why one should have done a particular act will always be open to justification to another who may be witness to it. Language competence carries with it an explanatory and justificatory imperative. Action is the product of speaking, hearing, acting and interlocutive subjects whose subjectivity is expressed through their social action.

Social action, in turn, is explicable only through language.

It is by language that action is justified. Its 'conversation' is the judicial court of reason. Only through the dialogue of language may mutual, shared and uncoerced understanding be achieved.' (p93)

In the typical sales act sales people have their own objectives which may not necessarily be shared by their customers. This may lead to a conversation during which each party contributes only that which they are prepared to share. The challenge is then to establish through interpretation of what is said, how much the other is prepared to give.

This exchange theory of Blau (Clegg, 1975) would indicate a typical exchange 'where each party preferred the other(s) to make the greatest contribution, but would himself be willing to do so rather than to discontinue the exchange. Although both actors have shared interests, they diverge on grounds of self-interest. Although both want the exchange to persist, neither wants to make the greatest contribution. While the parties concerned profit from an exchange they have an interest in maintaining it, although self interest leads them to wish to benefit most from any exchange.' (p53)

The sales person who aims for maximum profit margin may find that he or she lose customers when they compare the rates available with other institutions. If the sales objective is to provide only the minimum information necessary to result in a sale, the risk can be very high in that purely through lack of understanding either person change their minds.

The mentioning by Gadamer that the subject matter should guide the conversation and the contribution participants make to it, has an analogy with Wittgenstein's view (as discussed in Chapter 4) that language and its description of our lifeworld, determines what we will say to other people with whom we are in conversation. (Gadamer, 1997, p367) Customers may provide only the information they deem necessary for the sales person to have without knowing if it is sufficient or not.

6.2 The transfer of knowledge

In order for the hearer to interpret something, the speaker must convey messages which contain information worthy of interpretation. The content of these messages is

determined by the speaker's level of knowledge, willingness to share information and eloquence.

Lewis (1926) argued that thought is not only active interpretation, but that such interpretation is always significant of our possible action and of further experience to which such action might lead. (p240) 'Knowledge arises when we can frame the data of sense in a set of concepts which serve as guides for action.' (ibid., p243)

He (Lewis) expressed the view that the essence of understanding can be found in order or logical pattern and that it is only this concept of order or logical pattern which can be conveyed from one mind to another.

He believed that knowledge arises when this conceptual pattern of relationships is provided for interpretation and that the secret of our attitudes and interpretation lies in the purpose or interest of what is communicated. (ibid., p240) The subject of the sales dialogue therefore has to be of interest to the customer otherwise no meaningful conversation will take place.

Lyotard was also of the opinion that the "producers" and users of knowledge must know, and will have to possess, the means of translating into these languages whatever they want to invent or learn. 'Knowledge is and will be produced in order to be sold'. (Lyotard, 1997, p4)

In the financial services industry, tangible products do not exist. Instruments for the access to and transfer of funds however, do exist, but the nature of products are structured within functions such as time, interest, payments and capital. What is it then that is sold?

Confusion often results in believing that it is convenience, wealth, security, peace-of-mind or status that is being sold. All these examples are actual benefits and not products in themselves. The actual commodity being sold is knowledge and the more knowledge a

sales person has, the better his or her ability to assist the customer to make decisions and negotiate favourable benefits and returns.

Theodore Roszak (Capra, 1996) shows that information does not create ideas, but that ideas create information. 'Ideas are integrating patterns that do not derive from information but from experience. Similarly, language is seen as a conduit through which 'objective' information is communicated.' (p70)

For the customer the idea creates the need for knowledge, the need to know more, in order to put the idea to work and by communicating their requirements, the sales person can provide the information which can satisfy the customer's curiosity or need.

Lewis states that we have a priori knowledge and that 'it is present whenever there is classification, interpretation, or the distinction of real from unreal - which means it is present in all knowledge'. He states that the principles of interpretation are a priori simply because they are the criteria against which things are judged to be real. He reminds us that we interpret things against our existing knowledge, which implies that incorrect interpretations (and therefore incorrect decisions) could be made if the knowledge we had, was incorrect. (Lewis, 1929, pp226-227)

'When we consciously apply our concepts to experience, and we use our a priori principles to interpret and classify, we aim to create useful knowledge that will serve our "interests of action".' (ibid., p238)

The pragmatic view of the sales objective is confirmed by Lewis that; 'the a priori is always accountable to some pragmatic measure arising out of the individual's "needs and interests".' (ibid., p239)

6.3 Questioning and Answering

How then do customers gain clarity and understanding of difficult concepts and terminology which come naturally to sales people because they deal with these concepts on a daily basis? One of the useful practices in sales conversations is the asking of questions and the supplying of answers by both participants.

‘To conduct a dialogue requires first of all that the partners do not talk at cross purposes. Hence it necessarily has the structure of question and answer.’ (Gadamer, 1997, p367)

Mitroff and Linstone (1993) tells us that the expression of more than one view of a problem, is an explicit requirement for inquiry which could lead to better understanding and knowledge itself. (p65)

Gadamer believed that the structure of the question was implicit in all experience and that we could not have experiences without asking questions. (Gadamer, 1997, p362) By asking questions, we could gain clarity on the subjects when we realise we do not know enough. Some customers are afraid that the asking of questions may show their ignorance or lack of knowledge of the subject. It is clear from the above that such a view will be to their own detriment.

Gadamer believed that: ‘the sense of the question is the only direction from which the answer can be given if it is to make sense. A question places what is questioned in a particular perspective. When a question arises, it breaks open the being of the object, as it were. Hence the logos that explicates this opened-up being is an answer. Its sense lies in the sense of the question.

Among the greatest insights that Plato’s account of Socrates affords us is that, contrary to the general opinion, it is more difficult to ask questions than to answer them.’ (ibid., p362)

It follows that an answer relates to the question and through the focus and direction of the question, the answer naturally should follow from the same direction. The understanding and knowledge of this direction, in order to formulate a question, is therefore more difficult, because when the answer is provided it need only follow the area opened up by the question.

Should a person however enter into a dialogue only to prove himself right and not to gain insight, the asking of questions will seem easier than answering them. Gadamer was of the opinion that people who think they know better cannot even ask the right questions. 'In order to be able to ask, one must want to know, and that means knowing that one does not know.' (ibid., p363)

He stated that there is 'a profound recognition of the *priority of the question* in all knowledge and discourse that reveals something of an object. Discourse that is intended to reveal something requires that that thing be broken open by the question.

For this reason, dialectic proceeds by way of question and answer or, rather, the path of all knowledge leads through the question. To ask a question means to bring into the open. The significance of questioning consists in revealing the questionability of what is questioned.' (ibid., p363)

In the sales process, the sales person gains insight into the requirements of the buyer and the buyer gains knowledge of the product through the process of questions and answers. Either participant is obliged only to answer questions related to the subject, which means that the asking of a question does not imply an obligation to provide more information than was asked for. 'The openness of a question is not boundless. It is limited by the horizon of the question.' (ibid., p363)

'Insofar as a question remains open, it always includes both negative and positive judgements. This is the basis of the essential relation between question and knowledge. For it is the essence of knowledge not only to judge something correctly but, at the same

time and for the same reason, to exclude what is wrong. Deciding the question is the path to knowledge.' (ibid., p364)

Sales people who do not realise that when they leave questions unanswered or not clearly answered, they run the risk of poor judgement by the customer who may decide not to purchase the product offered.

To ask relevant questions means that the questioner has insight into the subject under discussion and that the specific question which is being asked implies a specific lack of knowledge in that area.. 'All questioning and desire to know presuppose a knowledge that one does not know, so much so, indeed, that a particular lack of knowledge leads to a particular question.' (ibid., p364)

Gadamer believes that participation in dialogue leads towards the truth and that the purpose of asking questions is to receive answers which will lead towards the truth. He also believes that to extract the truth is an art and that the asking of questions is therefore an art, something that should be practised by sales people to improve their efficiency. 'The art of questioning is the art of questioning ever further - i.e., the art of thinking. It is called dialectic because it is the art of conducting a real dialogue.' (ibid., p367)

The positive side of this monotony is the inner logic with which the subject matter is developed in the conversation. To conduct a conversation means to allow oneself to be conducted by the subject matter to which the partners in the dialogue are oriented. It requires that one does not try to argue the other person down but that one really considers the weight of the other's opinion. Hence it is an art of testing.

A person skilled in the art of questioning is a person who can prevent questions from being suppressed by the dominant opinion. The basic training for sales people should therefore include the art of questioning as a core competence as this is a valuable element in the system of the sales conversation.

It is not the art of arguing (which can make a strong case out of a weak one) but the art of thinking (which can strengthen objections by referring to the subject matter) that needs to be practised by financial advisors. (ibid., p367)

As explained above, the conversation in the sales process is an interpretive form of conversation which allows questioning for the purposes of knowledge transfer and clarification of meaning. Interpretation always involves a relation to the question that is asked of the interpreter. To understand a text means to understand the question that has been asked.

‘Thus a person who wants to understand must question what lies behind what is said. He must understand it as an answer to a question. If we go back *behind* what is said, then we inevitably ask questions *beyond* what is said.’ (ibid., p370)

To answer a question with a question is acceptable although not ideal as the response question should be based on increased understanding and should be asked to gain further clarity. ‘A reconstructed question can never stand within its original horizon: for the historical horizon that circumscribed the reconstruction is not a truly comprehensive one. It is, rather, included within the horizon that embraces us as the questioners who have been encountered by the traditionary word.

Hence it is a hermeneutical necessity always to go beyond mere reconstruction.’ (ibid., p374)

Rorty had a different view and stated that the rephrasing of statements in a person’s own terminology and language is often a good strategy to counter arguments from another, rather than meeting that person head-on in their own terminology.

Gadamer commented that the close relation between questioning and understanding is what gives the hermeneutic experience its true dimension.

'To understand the questionableness of something is already to be questioning. There can be no tentative or potential attitude to questioning, for questioning is not the positing but the testing of possibilities.

A person who thinks must ask himself questions.'

Understanding is always more than merely re-creating someone else's meaning.

'Questioning opens up possibilities of meaning, and thus what is meaningful passes into one's own thinking on the subject.

To understand a question means to ask it. To understand meaning is to understand it as the answer to a question.' (ibid., p375)

The understanding of concepts allows us to refer problems back to the questions which were asked in order to address the problems from the same source of motivation from which understanding was achieved. Gadamer believed that the dialectic of question and answer makes understanding appear to be a reciprocal relationship of the same kind as in a sales conversation. (ibid., p377)

Gadamer reminds us that all suspension of judgements and hence, of prejudices, has the logical structure of a question. 'The essence of the question is to open up possibilities and keep them open. If a prejudice becomes questionable in view of what another person or a text says to us, this does not mean that it is simply set aside and the text or the other person accepted as valid in its place.

In fact our own prejudice is properly brought into play by being put at risk.' (ibid., p299)

Honderich (1995) described Peirce's belief that inquiry begins only when one of our previously settled beliefs is disturbed, and it is ended as soon as we have a satisfactory answer to the question that concerns us. The Fixation of Belief rests upon the supposed truth that; 'The irritation of doubt is the only immediate motive for the struggle to attain belief and that as soon as doubt is replaced by settled belief, both doubt and inquiry end.' (pp648-649)

The value of the reciprocal act of asking questions and supplying answers in the sales conversation lie within the stages of: (for the customer)

- expressing a need through a question,
- requesting information to increase knowledge,
- gaining clarity and understanding,
- making a judgement,
- followed by a decision.

(for the sales person)

- establish the customer's needs,
- determine the customer's required information,
- finding out about the customer's general lifestyle,
- sharing the relevant knowledge,
- offering and explaining solutions,
- determine understanding of the proposals,
- inquire about further needs,
- determine if the customer is satisfied.

This act must thus rank as one of the most important activities in the sales conversation.

6.4 Creating understanding through dialogue

The purpose of entering into the act of selling a product or service is to get the customer to make a decision to purchase what is offered. To place the customer in this position a minimum amount of information needs to be supplied, which, in conjunction with what the customer already knows about the subject, can allow him or her to make the decision.

The communication of words alone will not achieve this objective, especially if the customer does not understand what has been said. Communication should create an understanding of the subject and only when understanding has been achieved, can the sales person be satisfied that he or she can expect an informed decision from the customer.

Understanding is therefore an essential requirement of the successful sales communication process. Bernstein believed that a conversation or a dialogue is a process of two people understanding each other and that language is the medium of this understanding. (Bernstein, 1983, p161)

Habermas argues that the use of language oriented towards understanding is the original or primary mode of language use, (Cooke, 1994, p19) and to understand a speech act is to understand the claim it raises. (ibid., p53)

According to Cooke (1994) the understanding of the subject matter in the sales conversation must take the form of language and it is not that the understanding is subsequently put into words, but the way understanding occurs ‘- whether in the case of a text or a dialogue with another person who raises an issue with us - is the coming-into-language of the thing itself.’ (p54)

With the use of language to create understanding, Cooke’s view is that: ‘The linguistic sign functions simultaneously as *symbol* (by virtue of its being correlated with objects and states of affairs), as *symptom* (by virtue of its dependence on the sender whose subjectivity it expresses), and as *signal* (by virtue of its appeal to the hearer, whose internal or external behaviour it steers).’ (Cooke, 1994, p54)

The importance of language as the medium to transfer information through discourse, as the medium through which understanding is created and the medium in which understanding is achieved, confirms its vital role in the process of selling.

We have seen in Chapter 6.3 the importance of asking questions to gain clarity and understanding in the sales conversation and as language is the basis of the question, the role of language in understanding is confirmed. (Gadamer, 1997, p378)

Bernstein supports Gadamer in the belief that meaning and understanding are not psychological processes, but that they are essentially *linguistic* and that 'meaning comes to realization only in and through the "happening" of understanding.' (Bernstein, 1983, p126)

Through Cooke's discussion of Habermas on communication, we are informed that we can understand language when it is used strategically *only* because we *already* understand language when it is used communicatively. This is similar to arguing that we can understand the nonliteral use of language only because we already know what it is to use language literally. (Cooke, 1994, p25)

According to Habermas, we understand a sentence when we 'know *the kind of reasons* a speaker would have to provide in order to convince a hearer that he is entitled to raise a truth claim for the sentence in question.' (Cooke, 1994, p106) The subject matter of the sale and the purpose of the sales conversation can constitute a basis for the customer to conclude the reasons and also the meaning of what is being communicated to him or her.

The question can be asked, what is it that we want to understand in the process of dialogue? Bernstein provides an answer in saying that; 'The circle of understanding is "object" oriented, in the sense that it directs us to the texts, institutions, practices, or forms of life that we are seeking to understand.' (Bernstein, 1983, p135)

'In reality, to be open to "other people's opinions," to a text, and so forth, implies right off that they are situated in my system of opinions, or better, that I situate myself in relation to them....' (ibid., p137)

Our understanding and interpreting is always in the light of our anticipatory prejudgements and prejudices, which themselves are changing as we gain knowledge and understanding. This is why Gadamer tells us 'that to understand is always to understand *differently*.' (ibid., p139)

The reason why understanding is so important in the act of selling is to bring about an agreement that terminates in the intersubjective mutuality of reciprocal understanding, shared knowledge, mutual trust, and accord with one another. 'Agreement is based on recognition of the corresponding validity claims of comprehensibility, truth, truthfulness and rightness.' (ibid., p186)

In his substantial contribution to the concept of understanding, Gadamer states that: 'prejudgements and prejudices have a threefold temporal character: they are handed down to us through tradition; they are constitutive of what we know (and are in the process of becoming); and they are anticipatory - always open to future testing and transformation.' (ibid., p140) These characteristics are present in the minds of both the customer and the sales person as they act as references for the process which leads to understanding.

As the sales conversation between sales person and customer unfolds on the subject agreed by both parties, so the process of creating shared understanding begins and as it is dynamic in its development, it may reach a point at any stage of the sales continuum where either person believes that they have gained sufficient understanding to move onto the act of making a decision. At this stage the objective of creating understanding has been achieved.

6.5 The meaning of concepts

Lewis defined the term concept as follows: 'a concept is a criterion, or rule of discrimination, for some field of possible experience. The first business of conceptual analysis is literally "explication": to make our conceptual meaning, i.e. intent - and so the concept which is being thought - wholly explicit in words.' (Schilpp, 1968, p 29)

The characteristics of dialogue in spoken language vary, from the process of questioning and answering, giving and taking; from talking at cross purposes to seeing the other's

point. Through all of these the communication of meaning is performed and this can be seen as the task of hermeneutics. (Gadamer, 1997, p368)

How does the concepts of words, sentences, language and language games come together? Grayling (1988) offers an explanation: 'The meaning of an expression is its use in the multiplicity of practices which make up language. The meaning of a word is its use in the language - different uses across a variety of language games. Uses of expressions are as various as the language games in which they occur.

The meaning of an expression is what we understand when we understand that expression. Understanding consists in knowing the expression's use across the variety of language-games in which it occurs. Knowing its use is having an ability: the ability to follow the rules for its use in those different language-games.' (p83)

In sales dialogue there are specific words and terms which sales people use to coerce their customers towards accepting what they offer. Some of these words have become part of the sales people's vocabulary and because they understand their meaning they can use them very efficiently in various conversations. They may have a different meaning for the customer, but as long as they have the desired effect for sales people, they will continue using them.

In the postmodern view the use of language is a productive act which has a pragmatic objective of achieving meaning, understanding or decisionmaking. The post-structuralists gave primacy to the signifier over the signified, and thereby signalled the dynamic productivity of language, the instability of meaning, and a break with conventional representational schemes of meaning.

Best and Kellner (1991) confirmed that 'In traditional theories of meaning, signifiers come to rest in the signified of a conscious mind. For poststructuralists, by contrast, the signified is only a moment in a never-ending process of signification where meaning is

produced not in a stable, referential relation between subject and object, but only within the infinite, intertextual play of signifiers.’ (p20)

In the game that is played between buyer and seller, comments are made with the intention of leading or misleading the other to believe what may not necessarily be the truth as long as it puts the person who makes the comments at an advantage where the other takes the action which the signifier hoped he or she would do. This objective may be ethical or unethical depending on whether the comments made are in the best interests of the other person.

6.6 The fusion of horizons

Gadamer (Cooke, 1997) compared the reaching of understanding by two people, as the fusion of their horizons and stated that this takes place by the use of language in dialogue. (p54) He claimed that we are always ontologically grounded in our situation and horizon. We seek to achieve a “fusion of horizons,” a fusion whereby our own horizon is enlarged and enriched. For him the medium of all human horizons is linguistic, and the language that we speak (or rather that speaks through us) is essentially open to understanding alien horizons. ‘It is through the fusion of horizons that we risk our prejudices. In this sense, learning from other forms of life and horizons is at the very same time coming to an understanding of ourselves. “Only through others do we gain true knowledge of our selves”.’ (Bernstein, 1983, p143)

Gadamer believed in the concept of “horizon” as the range of vision. When applied to the thinking mind, one can speak of the narrowness, possible expansion and opening up of new horizons. ‘Similarly, working out the hermeneutical situation means acquiring the right horizon of inquiry for the questions evoked by the encounter with tradition.’ (Gadamer, 1997, p302)

He believes that to place ourselves in the horizon of someone we are talking to, is a legitimate hermeneutical requirement. We do so not necessarily to agree with that person,

but to get to know them, his or her horizon and to understand where they are coming from. He informs us that when two people achieve a fusion of their horizons, they do not necessarily agree with each other. (ibid., p 303)

‘The horizon is, rather, something into which we move and that moves with us. Horizons change for a person who is moving. Thus the horizon of the past, out of which all human life lives and which exists in the form of tradition, is always in motion.’ (ibid., p 304)

In the sales conversation, it is sometimes essential for the sales person to put himself into the customer’s position in order to fully understand his individuality and way of thinking. This does not mean that he changes his own way of thinking and understanding, but it provides him with the insight to continue with a meaningful sales conversation. This is a dynamic process as new understanding is created continuously, and an individual’s perceptions and therefore decisions may change with newly acquired knowledge.

When sales people place themselves in their customers’ position they do not do so out of empathy for their customer, neither are they subordinating themselves to their customer’s standards. It rather means that it involves rising to a higher universality that overcomes not only their own particularity but also that of the customer.

Gadamer (1997) informs us that: ‘To acquire a horizon means that one learns to look beyond what is close at hand - not in order to look away from it but to see it better, within a larger whole and in a truer proportion.’ The reason for doing so is that: ‘We are always affected, in hope and fear, by what is nearest to us, and hence we approach the testimony of the past under its influence.’ (p305)

Gadamer believes that the horizon of the present is continually in the process of being formed, because we continually have to test our prejudices against the horizon of the past, to understand where we come from. The horizon of the present cannot be formed without the horizon of the past. *‘Rather, understanding is always the fusion of these*

horizons supposedly existing by themselves. ' (ibid., p 306) 'In the process of understanding, a real fusing of horizons occurs - which means that as the historical horizon is projected, it is simultaneously superseded.' (ibid., p 307)

Advisors in the financial services industry particularly need to achieve the fusion of horizons with their customers because it is knowledge that is sold rather than tangible products. This may also be the reason for the current dissatisfaction customers have of the service they receive from their banks as they often comment that the bank does not listen and therefore does not understand their requirements.

Cooke, on the other hand, was of the opinion that participants in a conversation achieved 'understanding against the background of a plurality of overlapping *lifeworlds*.' (Cooke, 1994, p16) As lifeworlds are a much broader concept than horizons, one can conclude that the former would incorporate the latter.

6.7 Postmodern and pragmatic view of understanding

Habermas expresses himself strongly in favour of postmodernism and specifically in formulating his view of the dialectical relationship between unity and singularity, on the one hand, and that of difference and otherness, on the other. He believes that the 'poriferous and broken intersubjectivity of a linguistically mediated consensus not only permits, but promotes and accelerates the pluralization of life forms and the individualization of lifestyles.' He also contends that the more discourse there is in a specific community, the more individuals will differ with and contradict each other. (ibid., p45)

Cooke observed of Habermas that: 'an account of understanding formulated in terms of knowing the acceptability conditions points to the holistic nature of natural languages. Most importantly, such claims lend strong support to his thesis that a dialogical

interpretation of what it is to know the validation conditions compels us to move from the level of semantic analysis to a pragmatic level.’ (ibid., p112)

In Chapter 2, the sales objective was viewed as pragmatic, which opinion is shared by Habermas. ‘The idea that the validity of reasons is connected (internally or “externally”) to pragmatic contexts of argumentation is, in Habermas’s writings, linked up with another thesis that, if successful, would reinforce the idea that understanding is inescapably pragmatic.’ (ibid., p113)

Cooke reminds us that an utterance is a situated linguistic expression and that to understand an utterance is generally to understand it ‘as a speech act in a particular context of interaction. A pragmatic theory of meaning that professes to focus on the meaning of utterances as opposed to sentences has to take account of this.’ (ibid., p122)

Schrage (Gadamer, 1975) defined the term collaborative as: “Two or more individuals with complementary skills interacting to create a shared understanding that none had previously possessed or could have come to on their own. Collaboration creates a shared meaning about a process, a product, or an event.” (p46)

Important for sales people to remember is the fact that the customer brings his or her own knowledge and expertise in their own field of work, hobbies, experiences and interests to the conversation. The financial advisor may be the expert on finance and investments, but the customer may be highly skilled in another field for which the finance is required.

If the customer’s field of interest is highly specialised it may require a larger component of input in order for the sales person to reach an acceptable level of understanding. Collaboration is seen as essentially a voluntary activity, a game that requires willing players.

What philosophical foundation will be relevant to the construction of shared-meaning in post-capitalist knowledge based organizations? The philosophical approach will have to have the potential to be appropriated to:

1. Specifically address the collective building of meaning.
2. Respect the difference and plurality in post-capitalist organizations.
3. Support the emergence of local shared logic and order.
4. Recognize the importance of language in building meaning.
5. Be sensitive to issues of power that distort organizations.
6. Be open to the creation of local and shared conceptions of performance.'

(Gadamer, 1975, p46)

At this stage we have now explored the sales conversation along the stages of identity, rights given for inquiry, agreeing the subject, the process of discourse between two individuals, language as the medium for transferring information, clarification of concepts and ideas through asking questions and giving answers and creating shared understanding which can lead to the proposal of solutions to the customers needs in order for a decision to be made. In chapter 7 the process of decisionmaking will be explored.

6.8 Expressing the problem situation

The above review of discourse philosophy alerts us to the following potential problems which may exist during the sales interview:

- 1.) To participate willingly in a sales conversation, a social bond between the sales person and the customer is required and this bond is created through the use of language.
- 2.) When two individuals communicate during a sales interview, the comments from either person will have no meaning unless these comments are interpreted and

compared with the existing knowledge of the individual about the subject.

- 3.) It also follows that the comments which are transferred through the use of language, must convey new or existing knowledge from one person to the other. If no knowledge is transferred, the conversation becomes meaningless.
- 4.) As the path of all knowledge leads through the question, specific information can be requested through the asking of relevant questions and the supply of answers. The process of questioning and answering is a specialised area which can only have value if the sales person understands its use and application. To open up and understand the problem, the sales person needs to be competent in the art of questioning and therefore the art of thinking.
- 5.) The meaning of a concept/problem/solution requires the transfer of knowledge so that the customer can interpret the information and create meaning and understanding thereof.
- 6.) Both participants create knowledge through the framing of sense data into concepts which serve as guides for action.
- 7.) As a priori knowledge is present in all knowledge it implies that if a sales person understands the process of knowledge creation for the customer, a more efficient and successful sales interview can be conducted.
- 8.) Prejudgements and prejudices can have a damaging effect on the solutions offered by the sales person. These can be changed if the sales person clearly understands the customer's problem through the process of interpretive conversation.
- 9.) To reach agreement on the solutions to problems, reciprocal understanding, shared knowledge and mutual trust is required which can be achieved through the sales

conversation.

- 10.) If the sales person uses terminology which is foreign to the customer, the creation of meaning and understanding becomes more difficult and can result in an unsuccessful sale.

The above problem situations will be used in the formulation of Root Definition 5 and the resultant conceptual model 10.5.

7. Freedom, Choice and Decision-making

7.1 The freedom to act

The act of making a decision can take place at any stage in the sales conversation, but often signals the move from explanation and persuasion to finalising the sale and concluding the conversation. A person who wants to make decisions with the purpose of acting on them, needs the freedom to do so. In certain countries this freedom was, and still is, limited to the extent that the purchase decision is controlled by what is allowed by the state or by marital power.

The investment of hard earned capital and the expected returns on these investments are important considerations for many customers who visit their bank. The sales person needs to be aware of the concept of freedom for the customer to make a decision and should take care not to constrain this freedom by placing undue pressure on the customer to decide in a way which favours the sales person.

The freedom to decide and take action can be suppressed, repressed, forgotten, and defeated, but according to Bernstein (1983) 'it can never be eliminated as long as there are human beings with their capacity to begin, to act together.' (p211) In banking the process by which customers singularly or in groups, decide to move their accounts to another institution is called defection. If most banks generally provide the same quality of service, defection does not provide much of a solution. It is however the freedom of choice customers have to move their accounts for whatever reason they may have, which should be of concern to sales people when they deal with their customers.

Agreement on certain principles in a specific community forms the basis for consensus of interpersonal practices on what is acceptable and what is not. These principles could be religion-based, environment-based or could be influenced by many other forces active amongst people.

Where sales people use their position of power to coerce customers to making the wrong decisions, Clegg believes that power would act as a barrier to the free and unconstrained realisation of the human interest. (Clegg, 1989, p94)

Clegg refers to Lukes' comment that power requires agency and that the essence of agency is being able to choose. Choice entails responsibility. (Clegg, 1989, p99) The freedom to exercise this choice represents a form of power and the sales person who creates this freedom, by doing so empowers their customers to choose. Sales people who restrict this freedom, restrict the customer's power to choose and so risk a positive outcome of the sale.

Bernstein attached the highest principle of reason to freedom, (Bernstein, 1983, p163) because it is by virtue of this "unconstrained" free will that a customer will have the capacity to assert or to deny - that is, to judge. (ibid., p116)

Financial institutions should realise that customers not only have the freedom of choice when they receive financial advice, but also have the freedom to mobilise public opinion against organisations when the organisations or their representatives act in a way which is morally unacceptable. This is the "truth" in Kant's call for "the freedom to make public use of one's reason at every point". (Bernstein, 1991, p26)

7.2 Decision-making

The pragmatic approach taken as a basis for the arguments in this document, focus on the goals, objectives and practical applications of financial advice. Decision-making is thus a core activity in the sales process, which can occur at any stage along the lines of conversation and thought. Decisions also signal specific stages in the process in that they indicate to the sales person when the nature of the conversation can be changed towards for example after-sales service, benefits and additional products. It is one of the most

important activities in the whole sales process and possibly the main objective of most sales people is to get a decision, either positive or negative.

Bernstein emphasised the importance of choice and decision-making when he said that we cannot escape responsibility, decision, and choice (Bernstein, 1991, p215) whilst Capra stated that: 'Human decisions are never completely rational but are always coloured by emotions, and human thought is always embedded in the bodily sensations and processes that contribute to the full spectrum of cognition.' (Capra, 1996, p268)

This reference to emotions might explain the extreme disappointment and sometimes violent reaction of some customers when they discover that the advice they received was incorrect or not in their best interest even though they have made the final decisions themselves.

Factors which can elicit emotional responses from customers can be for example: colour preferences, the concept 'value for money', likes and dislikes, past positive or negative experiences, popularity or social pressure. Decision-making based on these factors may result in irrational choices which could be difficult for the sales person to comprehend.

When a person is uncertain about his opinion, he may revert to depending on more information and this can then become a stable frame of reference to reduce his uncertainty. (Ng, 1980, p163) Sales people who realise this important aspect when they notice the uncertainty from their customers, can provide more information until the doubt is replaced by settled belief and the customer can make an informed decision.

'Decision-making is an abstraction, if, for instance, one disregards the issues of which it is composed. These issues, in turn, remain empty if one does not know the factors on which they depend.' (Clegg, 1979, p 8)

Lukes wrote: 'A decision is "a choice among alternative modes of action" ; a nondecision is "a decision that results in suppression or thwarting of a latent or manifest challenge to the values or interests of the decision-maker".' (Lukes, 1974, p18)

As much as decisions are part of the decision-making process, nondecisions are themselves decisions. (ibid., p18) Lukes stated further that a person's wants are socially conditioned and that the social conditioning reinforces the existing pattern of dominance. (Ng, 1980, p113)

Some of the characteristics required by financial advisors to encourage their customers to make decisions are: consistency (although this alone is not sufficient), presenting their position in a distinctive and certain manner and with an aura of autonomy, investment and fairness. (Ng, 1980, p164) Foucault believed this should be achieved through language which must be used to articulate an understanding of a situation to move a person to action. (Bernstein, 1991, p154)

A specific form of nondecision-making often identified is 'non-participation'. Customers visiting their banks are often unaware of their options and therefore are not in a position to demand that their 'interests' be satisfied because they do not know that they have them. (Clegg, 1989, p81)

The financial advisor then needs to assist his or her customers in establishing the exact nature of their requirements, to explain the concepts, possible solutions and allow the customers to make their own choices and decisions.

Discussion of decision-making will be incomplete without mentioning the two key thinking processes of induction and deduction. 'Induction is the movement from observed data that is partial, unstructured and loose to a proposed interpreted whole.' According to Dewey induction is a movement from a specific object or occurrence to a general conception or meaning. (Dewey, 1933, p79)

He (Dewey) believed that induction has a creative aspect since it moves data from the observable to the conceptual and that the binding concepts that are suggested to individuals depend upon the unique situation, background, interests and experience of the person. (ibid., p 84)

Peirce referred to deductively valid reasoning as 'necessary reasoning' meaning that the conclusion follows from the premises of necessity. By this statement Peirce meant that it is not possible to come to a false conclusion if the premises are true. (Hookway, 1985, p31) If financial advisors want their customers to come to the correct conclusions in order to make a decision, they have to provide them with the correct information.

Pierce, as discussed by Hookway believed that our concepts lead to beliefs and that beliefs determine actions 'because they can be expressed as conditional expectations; we expect that a certain sensible result will follow particular actions and we thus know how to act if we want that sensible result. The pragmatist principle enjoins us to clarify our understanding of a proposition by determining what habits of expectation it involves, how it can guide action.' (Hookway, 1985, p255)

Decisions are actions and are based on our concepts and beliefs. Financial advisors can explain concepts during the sales conversation which, when understood can become a belief from which customers, given the freedom, can take action to purchase or decline. The motive for a sales effort is to get the customer to make a decision which indicates that the discourse and language games of the sales conversation have as pragmatic objective the reaching of a decision by the customer. This act marks a specific stage in the process of the sales conversation.

7.3 Expressing the problem situation

The potential problem situations which are illuminated by the above review of the relevant philosophy for the sales interview, are as follows:

- 1.) One of the biggest challenges for sales people is to establish when the customer has actually made a decision.
- 2.) This decision can be to purchase, decline, defer, request more information or any other decision which is relevant to the sales conversation.
- 3.) Sales people who don't allow customers to choose and who force them into decisions, may find that these customers become unwilling to purchase.
- 4.) Customers must have the freedom to make public use of their reason at very point.
- 5.) To reach a decision is one of the main objectives of the sale and as decisions are always coloured by emotions and is often based on positive or negative experiences, popularity and social pressures, sales people who do not take these factors into consideration may lose the sale.
- 6.) Decisions are actions and are based on our concepts and beliefs. To make decisions customers need to be made aware of their options through the use of language by the sales person.

The above problem situations will be used in the formulation of Root Definition 6 and the applicable conceptual model 10.6.

8. The role of power in selling

8.1 Introduction

The inclusion of the concept of power in the process dynamics of selling is justified by its ability to change the result of the sales effort at any stage of the system. It can have a positive effect on the sales act when it drives the acquisition of knowledge which is one of the key sub-systems in the process, and it can have a negative effect if it is used to influence, coerce and manipulate the customer. If it is abused it can elicit a response of resistance which can negatively affect the sale.

As will be shown below, power produces discourse, it is transferred through language and it requires the interaction of individuals. The nature, characteristics, different forms and applications of power can be controlled which can fundamentally affect the sales process.

In this chapter the philosophies of Habermas, Bernstein, Foucault, Clegg, Wartenberg and others pertaining to power will be investigated for an understanding of its role and its effects on the process of selling.

8.1.1 Definitions of power

‘The English word ‘power’ stems from the French word *pouvoir*. *Pouvoir* means ‘to be able’. Both the English word ‘power’ and the German word *Macht* are used not only to signify the capacity to do something, but also the exercise of that capacity. *Pouvoir* often refers to the exercise of this ability. In French, the notion of ‘capacity’ is what is meant by *puissance*.’ (Clegg, 1975, p58)

Clegg also provides a definition of power which can be related to the transfer of knowledge in the sales process when he states that power is defined as a transformative capacity in outcome terms. (Clegg, 1989, p145) This view is central in the transfer of

knowledge by the sales person to the customer to enhance the probability of a successful sales result and will be discussed later in this chapter.

Wrong provides an adopted version of Bertrand Russell's definition of power: '*Power is the capacity of some persons to produce intended and foreseen effects on others.*'

(Wrong, 1979, p2) He reminds us that an adequate definition of power cannot ignore the difference between intended and unintended but foreseen effects. (ibid., p5)

'Thibaut and Kelly designate the ability to elicit the desired behaviour from another "power" and define it as the range of outcomes that can be moved. The greater the range of person B's outcomes which can be moved by A's behaviour, the greater will be A's power over B. In short, power consists in the control of outcome. Defined in this manner, power would be continuously exercised throughout the course of interaction, except when the participants enter into a trading agreement, such that they mutually agree to a certain course of action leading to the optimal outcome.' (Ng, 1980, p173)

Power is continuously present and can be switched from one form to another during the sales conversation and provision for this aspect is required in the design of the system in which selling takes place.

Lukes believes that power is value-dependent and that it is inextricably tied to a given set of value-assumptions which predetermine the range of its empirical application. (Lukes, 1974, p26) Most products and financial services offered by banks, carry with them a value which is dependant on the individuals requirements, circumstances and own value system.

Its application in the financial services industry is related to Wrong's position that: 'power is the most universal means, indeed even more so than money because it can command that as well. Many recent writers have therefore described it as a "medium"

and classified it with such other general media as money, love, truth and linguistic competence.' (Wrong, 1979, p220)

8.1.2 The characteristics of power

Power can be classified into two distinct groups according to a person's ability to use his or her own capacities, and his or her ability to use other people's capacities: (Wartenberg, 1990, p28)

- power to and
- power over.

'Power to' refers to the power which people have to achieve something, such as the power to learn, communicate, move objects and to make things. 'Power over' refers to the power which one person can exercise over another. The exercising of 'power over' can be negative or positive and it is this danger or potential which is relevant in the sales conversation.

Wartenberg provides an explanation of this view which assists with its interpretation:

'One man may have power over another or others, and that sort of power is relational, though it is not a relationship. But he may have power to do or accomplish something by himself, and that power is not relational at all; it may involve other people if what he has power to do is social or political action, but it need not.' (Wartenberg, 1990, p19)

It is possible that the effect sales people have on customers, unintended and even unknown by them, may influence customers more profoundly and permanently than direct efforts to control their sentiments and behaviour. 'Dahl and Lindblom call such unintended influence "spontaneous field control" and sharply distinguish it from forms of deliberate control.' (Wrong, 1979, p4)

McGowan (1991, p127) referred to Foucault's three characteristics of power:

- it is productive;
- it is only exercised by individuals but never possessed by them;
- it is involved in every social relation.

McGowan supports the claim that the individual is the 'element of power's articulation, not the intentional agent who puts power into play.' (ibid., p127) He (McGowan) refers us to the statement made by Foucault that: 'Power traverses and produces things, it induces pleasure, forms knowledge, produces discourse.' (ibid., p128)

Foucault believes that as we have language games we also have power games. He states that to exercise power over another, 'in a sort of open strategic game, where things could be reversed, that is not evil.' (ibid., p133) Power in this example is not necessarily negative.

Clegg says of power that it is relational, based on a demand rationally perceived, where there is a conflict of values, and the threat of severe sanctions. (Clegg, 1989, p79) Sales people who with-hold discretionary benefits when customers decide differently to their expectations may elicit conflict if the customers find out that the advice given was not in their best interests.

Kipnis (1976, p1) believed that as long as we need the services of others, we are never far from the world of power. If power plays such an important role in the success or failure of the sales act to the point where it could create resistance, feelings of inferiority, empowerment or sales success, what then should the sales person look for during the conversation and how can he or she plan for the events which may give rise to customer satisfaction and personal success?

Kipnis (ibid., p17) provides a very useful model of the power act which can serve as a guide for the sales person to apply during the sales act to understand the likely sequence a

form of power in action can follow as well as the different responses that form of power can elicit from a customer. By being aware of these possible responses the sales person can avoid the negative effect of power and so secure a better chance for a successful sales result:

A Descriptive Model of the Power Act.

1. Power Motivation

Aroused need state satisfied by appropriate behaviour in others

2. Request for Compliance

3. Resources

4. Region of Inhibition

Physiological

Values

Costs

Self-confidence

Institutional norms

Culture

5. Means of Influence

Persuasion

Threats

Promises

Rewards

Force

Ecological change

6. Response of Target

Target's Motivations and Resources

Compliance

Private acceptance

Self-esteem

Esteem for powerholder

7. Consequences for the Powerholder

Changes in need state

Self-perceptions

Perception of target

Changes in values

It is possible for power-holders (sales people) to be unaware of the kind of power they have over others as well as how other people may interpret their action. (Lukes, 1974, p51) Ng states that the inequality of power is a permanent ingredient of human society. (Ng, 1980, p84) If this inequality and therefore power differentiation is inevitable, then there will always be some form of power relation and consequently there will always be conflict. (ibid., p85)

In this regard it is important to note that the bases of a power relationship are infinitely broad, since virtually anything that human beings value can become the basis of a power relationship in its broadest sense. (ibid., p86)

Ng refers to Friedrich's statement of a cumulative law of power. Both the growth and decline of power are said to be cumulative.

'The growth is cumulative up to the point of full employment of the resources of the power-seeker (coercive power) and of full realization of the common values and purposes of the power-followers (consensual power); beyond that point it starts to disintegrate. The decline of power is cumulative up to the point of complete exhaustion of the resources of the power holders (coercive power) and of the disappearance of common values and purposes of the power-followers (consensual power).' (ibid., p87)

This point illustrates the cumulative effect of power in the sales system where a sales person can command such a high level of power (authority) that the customer does not question what is suggested to him or her. Due to the large variety of products, customers

are not always aware of the best options available and this reliance on the financial advisor gives him or her the position of power.

‘The power of person A over person B, according to Enerson, equals B’s dependence on A. B’s dependence on A is directly proportional to B’s motivational investment in goals mediated by A, and inversely proportional to the availability of goals from alternative sources outside the relationship. The power relation would be balanced when there is equal and reciprocal dependence.

Person B, the more dependent and hence less powerful member, may decrease his motivational investment in A by *withdrawal*; increase the availability of goals outside the relationship through *extension of the power network* by forming new relationships; increase the motivational investment of A in him by giving *status* to A; or decrease A’s alternatives by *coalition formation*.’ (Ng, 1980, p183)

‘When the choice of an alternative takes the form of making exit from the existent power relationship, the realization of this choice may be particularly difficult since it would threaten the power relationship at its very root.’ (ibid., p184)

Sales people who forget that customers have alternative choices and that they are not necessarily locked into acceptance of what the sales person has to offer, may find that customers simply

- discontinue further participation in the sales conversation,
- ignore the attentions of the sales person thereby denying him or her any further rights of inquiry,
- loose interest in the product or service,
- seek alternative suppliers through competitors.

Wrong refers to the asymmetrical nature of power in that the power holder exercises greater control over the behaviour of the power subject than the reverse, but that the actors can continually alternate the roles of power holder and power subject in the course

of their interaction. He confirms that there cannot be equality of power in bargaining or conflict and that one of the participants will always be in a position of more power than the other. (Wrong, 1979, p10)

Different individuals have different levels of tolerance for power over them and therefore may react differently to power exercised by the power holder. The level of power inequality or power differentiation can also be critical to whether it is sufficient to induce change in the subordinate.

Ng (1980) states: 'Somewhere along the variation scale, there is a critical region in which the amount of power inequality is just sufficient to enable the superordinate unit to induce change in the subordinate unit. A power inequality greater than this critical value would enable the superordinate unit to have control over the behaviour of the subordinate unit, and not just power over the latter.

A power inequality less than the critical value, on the other hand, would not result in control, and the superordinate unit is said to have power over but cannot control the subordinate unit.

When it results in control, it will be specified as a controlling power inequality; when it does not result in control, it will be known as a non-controlling power inequality.' (p190)

One of the dangers sales people also need to be aware of is the creation of a sense of inferiority and resentment on the part of the subordinate, due to the inherent inequality of power. Power differences are more consequential than inequalities in wealth and prestige. 'To be sure, wealth and prestige may be used as bases for obtaining power as well as the reverse, but they, unlike power, represent terminal want satisfactions and thus have an inherently distributive aspect whereas power always involves an ordering of the lives of others that sets limits to their autonomy of action.' (ibid., p250)

To understand what power is and how it functions in society we need to look at the concept of power within a framework of interpretive concepts. (Wartenberg, 1990, p65)
During the sales conversation both the sales person and the customer continuously interpret the words and actions of the other in order to decide on the next step in the sales game.

This is necessary because 'the learning and use of general rules or norms and their long term storage, always require interpretive procedures for recognizing the relevance of actual, changing scenes orienting the actor to possible courses of action, the organization of behavioural displays and their reflective evaluation by the actor.' (ibid., p72)

8.2 Power is knowledge

Chapter 6.2 explained that in every conversation the levels of knowledge about a specific subject will vary from one participant to another. The difference in these levels of knowledge constitute a knowledge differential for each person in relation to another and as knowledge is seen to provide positions of power, this will also constitute a power differential between individuals.

In order to increase a person's position of power, he or she therefore needs to increase their knowledge about the specific subject to a level above the knowledge of the person with whom they communicate.

This makes power the primary driver in the power-knowledge equation as explained by McGowan when he states: 'power produces knowledge....., that power and knowledge directly imply one another;

that there is no power relation without the correlative constitution of a field of knowledge. (McGowan, 1991, p129)

According to Foucault, not only does power drive knowledge but it also positions the subject to which the knowledge applies. 'This is what couples power/knowledge in Foucault's (1977) formulation, because, at its most pervasive, power positions the subject, through the organization of disciplinary practices which constitute the potentialities, incapacities and correlates of specific forms of agency.' (Clegg, 1989, p202)

McGowan reiterates Foucault's confirmation of the view: 'knowledge, power, and the subject are shown to be intimately related to one another within a single productive process; that Foucault usually calls this the productive process of power indicates that power is the primary force among the three.' (McGowan, 1991, p129)

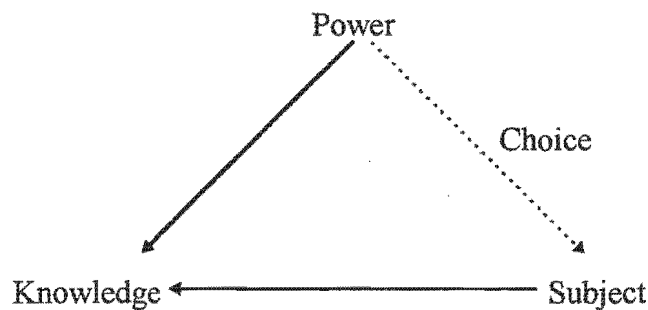


Figure 8.1 The power driver
(Based on Wartenberg, 1990, p30)

It is especially through conversation that knowledge is transferred from one person to another, which forms the main activity of the sales conversation. The sales person who normally holds superior knowledge about the product on offer is therefore the person with the position of power at the beginning of the sales conversation. He or she can steer the conversation towards their field of superior knowledge. 'Power, through conversation creates the field of knowledge about the subject.' (McGowan, 1991, p129)

Foucault refers to contract-power as the agreement of the subject of a conversation between two individuals. This is the contract or agreement that discussion may take place within the boundaries of the subject. (Foucault, 1980, p91) Customers can reduce the power differential between themselves and the sales person either by:

- changing the subject to something they have more knowledge about than the sales person,
- acquire more knowledge about the subject by gaining knowledge prior to the sales conversation, or
- through the sales person transferring knowledge to the customer during their conversation.

Although selling can take place through various media, it is mostly through conversation that advice is given and clarity is provided about subjects which are alien to the customer. This emphasises the importance of conversation as the vehicle through which power is identified, exercised and transferred. Boulding (1989) says that this process is inherent to most human beings. 'The genetic factor fundamentally consists of knowledge, know-how, information, and the capacity for communication. These underlie all forms of power and they are particularly important in integrative power, which is mainly a matter of communication.' (p32)

The importance of this aspect is emphasised in Foucault's statement that: 'An opposition to traditional theory and the critique of intellectuals' power combine in Foucault's insistence that every production of knowledge serves the interest of some power.' (McGowan, 1991, p125)

The fact that a person has knowledge about a subject gives him or her the power over another, less knowledgeable person even though they may not be interacting. It is viewed as a latent form of power which is available when the knowledge is applied. Gilbert Ryle,

as discussed by Wrong (1979) says that ““knowing” and “aspiring” also applies to power conceived of as a capacity to control others:

‘To say that a person knows something, is not to say that he is at a particular moment in process of doing or undergoing anything, but that he is able to do certain things, when the need arises, or that he is prone to do and feel certain things in situations of certain sorts.’ (p6)

In this sense Robert Bierstedt believes that ‘it may seem redundant to say so, but power is always potential.’ (Ibid., p7) Wrong however warns us that if the power holder is unaware that others believe he has power, or if he does not take their belief seriously in his actions, then he has no power and the belief that he has is mistaken, a misperception of reality. (ibid., p9)

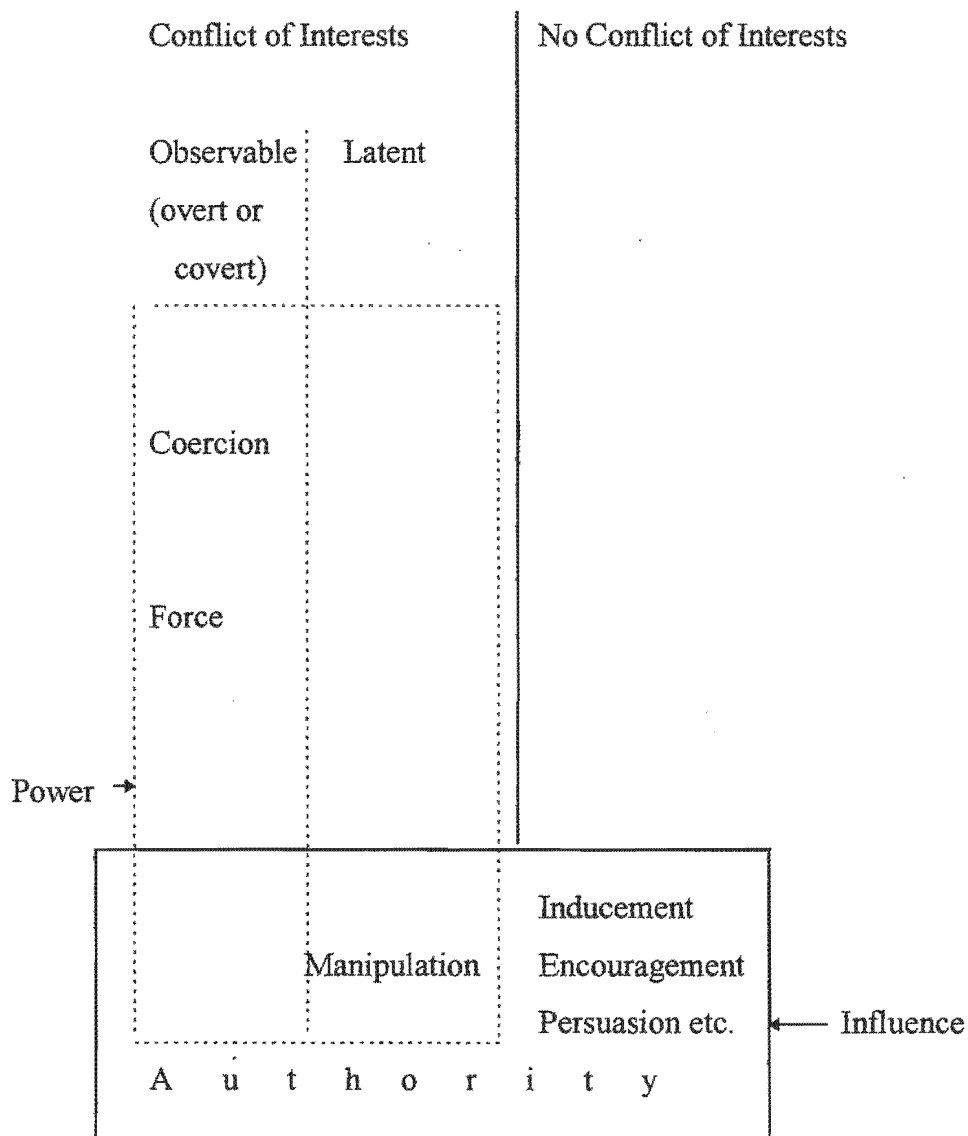
8.3 Power and conflict

A positive form of the application of power is where knowledge is transferred through conversation in the sales process whereby the power differential between sales person and customer is reduced to place the customer in a position of power whereby he or she can make decisions to his or her own advantage. In this form of power there is no conflict of interests as the customer can make the best decision and the sales person provides the necessary information to achieve this goal.

A negative form of the use of power is, for example, where the sales person, as a result of his own personal interests, disagrees with the customer, for example, about price or suitability of the product and this can create conflict between the two participants. The sales person can then try to manipulate or coerce the customer into accepting his or her suggestion by using superior knowledge of the products offered by the organisation.

Figure 8.2

The roles of power in conflict



(Lukes, 1974, p32)

Lukes explains his schematic diagram with reference to what he views as power and what as influence: 'It will be seen that in this scheme power may or may not be a form of influence - depending on whatever sanctions are involved; while influence and authority

may or may not be a form of power - depending on whether a conflict of interests is involved. Consensual authority, with no conflict of interests, is not, therefore a form of power.' (Lukes, 1974, p32) It remains the customer's choice whether to acknowledge the superior knowledge of the financial advisor on the subject of finance, and as long as this superiority is not abused, conflict can not enter into the conversation.

8.4 Forms of power

There are many different forms of power and in order to understand their role in the sales conversation it is necessary to discuss those forms most relevant to the outcome of the sales act. Not only do sales people need to understand the presence and importance of power in selling, but they also need to differentiate between the various forms and the inherent dangers or benefits of each.

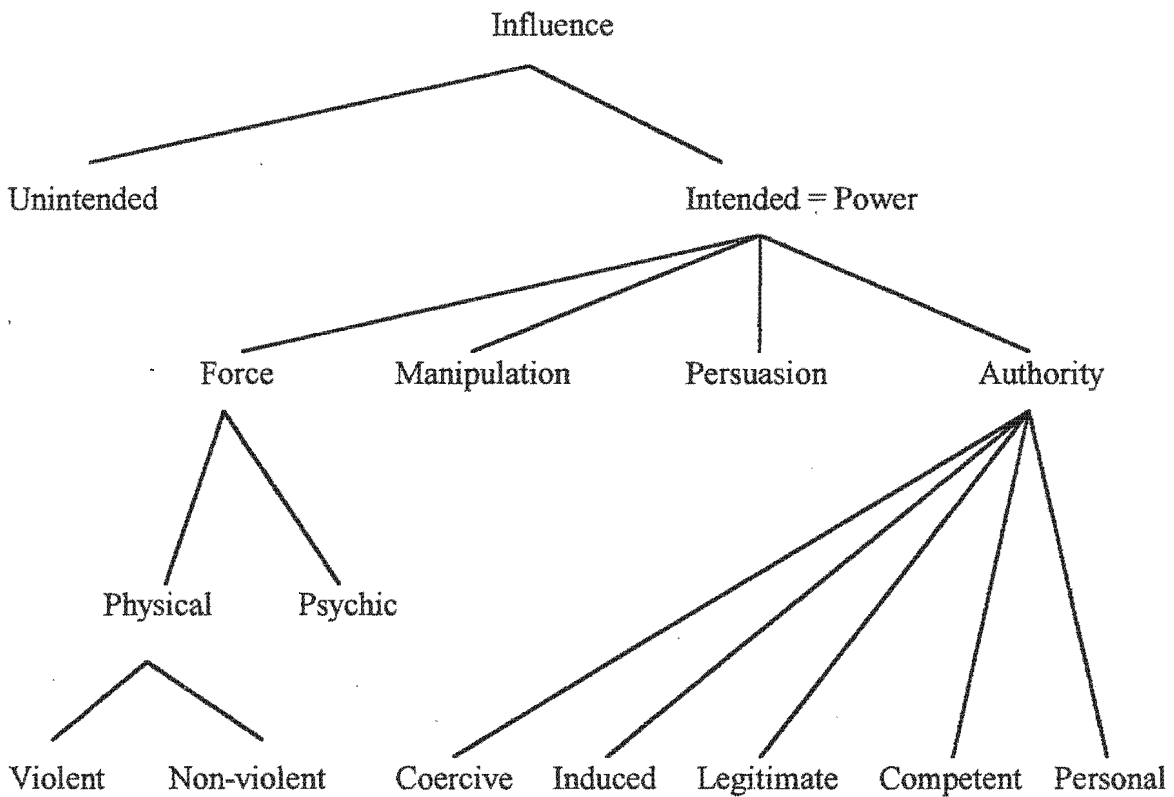
Wartenberg believes that the different types of power are internally related to one another and that one type of power can be used to ground another. 'Each type of power has a certain "problem" in it that is solved by means of the "next" form: the "uneconomic" nature of force leads to the more "economic" form of coercive power, while the "resistance" generated by both of these types of power can be lessened by means of relations based on influence.

Rather, the logic of power is such that more than one type of power can be present in a single action.' (Wartenberg, 1990, p112)

Wrong believes that it is to the advantage of the power holder to extend and diversify the forms of power he or she exercises over another. (Wrong, 1979, p71) For this purpose he provided us with a model of what he believes the different forms of power are and their relation to each other. (Wrong, 1979, p24)

Figure 8.3

The main forms of power



8.4.1 Influence

Wartenberg states that influence is a type of power that fulfils the interest of the dominant agent and he provides us with the following definition: ‘An agent A *influences* another agent B if and only if A communicatively interacts with B in such a way that, as a result, B alters his assessment of his action-environment in a fundamental manner.’
(Wartenberg, 1990, p105)

The presence of influence in the sales conversation is reflected in the following quote from Ng: ‘In fact, influence is said to be inherent in the dialectical relation between the

individual and the group or society, and can be found even in the mere copresence of two persons.' (ibid., p166) An example of the daily use of influence is printed media advertising which is a central social phenomenon in which power in the form of influence is used.

According to Kipnis (1976) when a customer gives up wanting the product or service possessed by the sales person, then the sales person no longer has the potential to influence the customer. (p21) The powerholder has to recreate the desire with the target person to exert power again. Three relevant types of influence affecting the process of selling are:

(1) Rational persuasion

'..the influenced agent retains her own critical faculties but is led to a reassessment of her understanding of her action-environment through the efforts of the influencing agent.' (This form of influence is not a form of power as the influenced agent can still decide according to her own belief.) (Wartenberg, 1990, p107)

(2) Personal persuasion

This kind of influence includes charismatic influence and 'the basic motto of this form of influence is "Trust me!" The influencing agent is able to get the influenced agent to do what he wants simply on the basis of the personal relationship between them.' (ibid., p108)

Service relationships between financial advisor and customer, over time, can develop a level of "trust" to the point where advice is simply accepted without explanation or clarification. This kind of relationship carries its own risk and depends on a large amount of trust, for, so long as the influenced agent does not have grounds to question the role of the influencing agent, he will willingly do all that is asked of him. (Clegg, 1989, p129)

(3) Distributive expertise

‘An expert possesses some specialized knowledge that allows her to tell the influenced agent how best to proceed in a certain situation.’ (Wartenberg, 1990, p108) Financial advisors can fall into this category because of the specialised knowledge of finance they have.

8.4.2 Manipulation

The explanation of manipulation can be deducted from Wrong’s definition: ‘When the power holder conceals his intent from the power subject - that is, the intended effect he wishes to produce, he is attempting to manipulate the latter.

Such an exercise of power is unlikely to evoke resistance because the power subject is unaware of the effort to influence him.’ (Wrong, 1979, p28) Yet this very fact has aroused suspicion and mistrust, because of the subject’s ignorance as to whether he has in fact been manipulated and because of the manipulator’s concealed purpose.

He further warns that the over-supply of information by sales people to customers, ‘even where the information is accurate and intended to aid and encourage the recipient to pursue intelligently his own goals, constitutes manipulation in this sense.’ (ibid., p29)

Wrong provides an example of manipulation from Merton of contemporary city-dwellers over a quarter of a century ago:

‘On every side, they feel themselves the object of manipulation. They see themselves as the target for ingenious methods of control, through advertising which cajoles, promises, terrorizes; through propagandas that, utilizing available techniques, guide the unwitting audience into opinions which may or may not coincide with the best interests of themselves or their affiliates; through cumulatively subtle methods of salesmanship which may simulate values common to both salesman and client for private

and self-interested motives. In place of a sense of *Gemeinschaft* - genuine community values - there intrudes *pseudo-Gemeinschaft* - the feigning of personal concern with the other fellow in order to manipulate him the better.' (ibid., p30)

8.4.3 Persuasion

Wrong also supplies us with a definition of persuasion: 'Where A presents arguments, appeals or exhortations to B, and B, after independently evaluating their content in light of his own values and goals, accepts A's communication as the basis of his own behaviour, A has successfully *persuaded* B.

Individuals vary in talents conducive to successful persuasion such as articulateness, oratorical ability or psychological intelligence and such individual variability is by no means irrelevant to power struggles on a large societal stage.' (Wrong, 1979, p32)

The information transferred during the sales conversation can convey the concepts A wants B to accept if B is prepared to do so. 'Persuasion is probably capable of achieving greater extensiveness than most other forms of power. But it is limited in comprehensiveness and intensity since it depends entirely on the power subject's free acceptance of the persuader's communication.' (ibid., p33)

8.4.4 Authority

Authority refers to the position a powerholder has and the perception of the power subject as to the power of this position. The conclusion is that there is something intrinsically unsatisfying and even painful in subjection to the authority of another. (ibid., p115) Different forms of power as authority have been recognised and some of them will be discussed below.

8.4.4.1 Coercive power

'I will therefore say that a social agent A exercises *coercive power* over social agent B if and only if (1) A has the ability to affect B in a significant way; (2) A threatens to do so unless B acts in a certain way; and (3) B accedes to A's threat and alters his course of action.' (Wartenberg, 1990, p96)

Sales people need to be aware of their own emotions and how to control these as it may influence their conduct of the sales conversation. As it may elicit emotional responses from their customers which may be different to their own, it could pose a severe threat to the successful outcome of the sales act.

8.4.4.2 Induced power

This is power brought on by the provision of incentives or some attraction provided by the sales person to motivate the customer to accept his or her power. 'Authority by inducement arouses less resistance and antagonism on the part of the power subjects.' (Wrong, 1979, p47)

8.4.4.3 Legitimate power

Lukes defines legitimate power as follows: 'The power of A over B is, in its legitimized form, the "right" of A, as a decision-making unit involved in collective process, to make decisions which take precedence over those of B, in the interest of the effectiveness of the collective operation as a whole'. (Lukes, 1974, p28)

Financial institutions also represent legitimate power in the laws and regulations which govern their operations within the borders of their country and within the monetary policy of the government under whose jurisdiction they fall. These regulations must be

observed by financial advisors in their service to their customers who accept the institution's roles in this regard.

'The legitimate power of the powerholder stems from internalized values of the target person which dictate that the powerholder, by virtue of his role, has the right to prescribe behaviour. The use of legitimate power tends to produce both public and private compliance. The target person tends to view the powerholder with indifference.' (Kipnis, 1976, p11)

8.4.4.4 Competent power

The definition for competent authority is provided by Wrong: 'it is a power relation in which the subject obeys the directives of the authority out of belief in the authority's superior competence or expertise to decide which actions will best serve the subject's interests and goals.

Competent authority resembles persuasion, which is why it has often been seen as the most benign and desirable form of authority.' (Wrong, 1979, p53)

Customers can expect financial advisors to be competent purely because they fulfil an advisory role on an important subject such as finance, which could be difficult for some people to grasp. In this regard customers' belief in the competence of financial advisors is based on imputed rather than demonstrated competence. (ibid., p54)

The quality of the service the subject receives in turn for compliance with a competent authority may be less tangible and measurable than material benefits, but when service is delivered it must meet at least the minimum levels of acceptance if the subject's faith in the authority and his or her continued compliance are to be maintained.

8.4.4.4.1 Expert power

Expert power is a more defined form of competent power and relates particularly to knowledge. 'The defining character of expert power is the possession of a certain superior characteristic. Such a characteristic, by virtue of its superiority, simultaneously distinguishes the expert from the influencee, who is a lesser expert or non-expert.' (Ng, 1980, p159)

This definition means that even in the profession of financial advice there are advisors who view those with superior knowledge as the experts. 'In other words, expertise means difference, and the greater the expertise, the greater would be the difference separating the agent from the influencee.' (ibid., p159)

Kipnis refers to Hobbes' view that the judgement by others of our skills, abilities, and possessions determines the power we possess. (Kipnis, 1976, p159)

The advice the sales person gives, when taken, may be rewarding for the customer. Accordingly the customer may come to recognise the sales person as someone whose instructions, if taken, is apt to be rewarding. This can lead to customers becoming all the more prepared to comply with the sales person's instructions which allows him or her the opportunity of giving them instructions when they have not asked for them, particularly instructions that, if obeyed, co-ordinate their activities toward the attainment of some group goal. (Ng, 1980, p182)

Sales people with substantially more knowledge than their customers should not let this fact become apparent in the sales conversation as it may create resistance, but should rather transfer a sufficient amount of information for the customer to gain understanding of the product, in a simplified form, to make an informed decision.

8.4.4.5. Referent power

As far as interpersonal power in the face-to-face situation is concerned, the agent is in a direct relationship with the influencee, and hence referent power is always present although it may vary both in degrees as well as in valence. 'This indicates that other types of power cannot operate in isolation from referent power. They must necessarily interact with referent power.' (Ng, 1980, p160)

One of the dangers in the sales process for financial advisors is that they may become such experts in their field that the gap between their knowledge and that of the customer increases the power distance and hence reduces the referent power. (ibid., p204)

8.4.5 Transformative Power

The forms of power discussed thus far can all be present in the sales act at one stage or another and rely for their existence on the communicative interaction of at least two people.

Their intervention can be continuous throughout or at any stage of the conversation which requires provision for this fact in the systems model of interactive selling.

'So power, too - like freedom, equality, speech, and action - is essentially intersubjective and communicative; it comes into existence only in the mutual creation of a public space in between individuals.' (Bernstein, 1983, p210)

Wartenberg reminds us that power is not simply *relational* - that is, something that relates human beings to one another in particular interventions. Power exists in *relationships* and has a primary location in the ongoing, habitual ways in which human beings relate to one another. If power relationships are to continue to exist they 'must constantly be *reproduced* by the actions of social agents.' (Wartenberg, 1990, p165)

Wartenberg sums it up by saying that 'individuals are the vehicle of power, not its points of application.' (Wartenberg, 1990, p12) Thus power is established through discourse. It is transferred through discourse and it is regenerated through discourse.

Wartenberg (1990) gives an explanation of what may be the most effective form of power in the sales act, because of its role in the transfer of knowledge. 'In a transformative use of power, a dominant agent also exercises power over a subordinate agent for the latter's benefit. In doing so, however, the dominant agent's aim is not simply to act for the benefit of the subordinate agent; rather, the dominant agent attempts to exercise his power in such a way that the subordinate agent learns certain skills that undercut the power differential between her and the dominant agent. The transformative use of power is a use of power that seeks to bring about its own obsolescence by means of the empowerment of the subordinate agent.' (p184)

The sales person uses his or her own power to empower another with the welfare of the customer in mind - increasing the other's resources, capabilities, effectiveness, and ability to act. (ibid., p189)

The decision the customer makes in this regard is not only based on the new information supplied by the sales person, but also on the knowledge the customer had prior to the sales conversation. Normally the sales person would not be aware of the specific types of information the customer possesses which makes the customer's decision unique to his or her own requirements.

Transformative power does not adopt the strategy of enlargement as a means of keeping itself in place; 'indeed, it seeks to eliminate the necessity for its own existence. The task of such power will be fulfilled when the grounds for its existence are no longer there.' (ibid., p191) When the power differential has been eliminated, the grounds for resistance to power has also been eliminated.

‘Power, to be used in a truly transformative way, must be used with the goal of making the other into a being with enough independence and autonomy so that she no longer needs to be in a power relation with the dominant agent.’ (ibid., p198)

Transformative power depends on a large amount of trust by the subordinate and depends on the recognition by the customer that the sales person is trying to help him or her, ‘and such recognition cannot be gotten so long as one remains suspicious of the intentions of the powerful person. Openness cannot be forced; yet so much depends upon its achievement.’ (ibid., p211)

Martin refers to the possibility that ‘power relations may be relations of mutual convenience: power may be a resource facilitating the achievement of the goals of both A and B - in the same way as money may facilitate the achievement of the goals of both borrower and lender in the credit relation.’ (Martin, 1977, p37)

8.5 Power and action

Foucault is much more specific when he says ‘We have in the first place the assertion that power is neither given, nor exchanged, nor recovered, but rather exercised, and that it only exist in action.’ (Foucault, 1980, p89) It is only with the new knowledge transferred to a customer that he or she can have power which they did not have before.

In terms of action a person needs to assess the options available to him or her, but first the person needs to understand the alternative courses of action available. The gap between actuality and a person’s understanding of it creates a crucial domain for the exercise of power. Wartenberg summarises the power a person has on another’s actions by stating: ‘A person A has *power over* another person B if and only if A strategically constrains B’s action-environment.’ (ibid., p85)

By providing the customer with a set of alternatives and allowing him or her to evaluate each one properly in terms of their own needs, personality and life style, the sales person is contributing towards the creation of power in the customer. This would improve the efficiency of the sales act and could lead to a higher sales success rate if the customer base is selected with the product or service in mind.

8.6 Power and freedom

During the sales conversation the customer must be given the freedom to make decisions as he or she deems necessary. Over-control of this freedom may endanger the sales outcome because the purchasing power lies with the customers in terms of the funds and needs they have.

When new knowledge is acquired by a person and that knowledge provides greater clarity about a subject, the power so gained through this additional knowledge and insight, provides the freedom for the person to act within his or her greater understanding of the subject. 'Power would thus be the freedom to act in such a way as to realize the inherent *dispositions* of either the structure of a thing or its place in a structure of relations.' (Clegg, 1989, p121)

Clegg's view of power providing freedom is shared by the Marxist desire for freedom from domination which is present in postmodern thought.

'Marx, read this way, appears close to presenting a view that is now associated with Foucault, namely that power itself produces the possibility of freedom and the terms within which freedom is enacted.' (McGowan, 1991, p68)

Wartenberg (1990) provides two requirements for a person to act freely in a given situation. First, the person must be in a position to do other than he or she in fact does. 'This is a formal or metaphysical notion of freedom, one that attempts to characterize the human being as having a different type of existence than other entities in the world.'

Second, a person's action must take place in view of a full set of options that he or she is capable of realizing. If a person lacks the relevant set of options, then he or she will not be free, even though they may have the freedom to do other than they in fact do. (p88)

For Dewey freedom of mind means 'mental power capable of independent exercise, emancipated from the leading strings of others.' (Dewey, 1933, p64)

8.7 Resistance to power

Resistance to power can change the direction of the sales conversation and affect the result of a sale in such a way that a systems model that does not make provision for this fact, may not give a correct reflection of the sales process. Wartenberg explained the concept of resistance to power as 'the attempt by the subordinate agent to change her circumstances in regard to the dominant agent so as to diminish the dominant agent's power over her.

As such, she realizes that she is not free to pursue the actions that she would like. And this fact produces feelings of resentment and the desire to break free of the yoke of coercive power.' (Wartenberg, 1990, p102)

There may not be visible signs of these forms of resistance and as such the customer may simply decline the product on offer with no reasons supplied. In other instances resistance by the customer may take on verbal or physical reactions which could be interpreted by the sales person as over-reaction to some aspects of what was communicated.

If the sales person is not aware of these possibilities of resistance or the signs to look for which could identify them, and does not know how to avoid them by structuring the nature of the conversation in order to minimise such occurrences, the success rate of selling may be affected.

‘For most power-holders, however, diagnosing the causes of the target person’s resistance remains a subtle art based upon past encounters with the target person, hunches, and the powerholder’s own perceptiveness.’ (Kipnis, 1976, p50)

Resistance may take on different forms and can be associated with the form of power that was exercised. Some people feel very strongly about being manipulated or coerced into doing something they would not normally do.

Clegg refers to two kinds of resistance to power. ‘Sometimes, under rare conditions of what will be termed ‘organizational outflanking’, resistance to power may consolidate itself as a new power and thus constitute a new fixity in the representation of power, with a new relational field of force altogether. On the other hand, it may be resistance to the exercise of power which leaves unquestioned the fixity of the terms in which that power is exercised. It merely resists the exercise not the premises that make that exercise possible. In this respect resistance is compatible with reification and the exercise of power.’ (Clegg, 1989, p207)

Foucault believed that resistance is a natural correlation of power, (ibid., p127) whilst Wartenberg states that episodic power between two individuals will usually call forth resistance because of the power/knowledge nature of agency. ‘Power and resistance stand in a relationship to each other. One rarely has one without the other.’ (ibid., p208)

While power is everywhere, it is indissociable from contestation and struggle: ‘I am just saying: as soon as there is a power relation, there is a possibility of resistance. We can never be ensnared by power: we can always modify its grip in determinate conditions and according to a precise strategy’. (Best and Kellner, 1991, p55)

Due to the dynamic nature of power the dominated are always able to seek ways of challenging their domination and not just accept it. ‘Possessions of power by one agent are always potentially able to be *countered*. This means that there are ways in which

subordinate agents can seek to achieve power over the dominant agent that would allow them to counter his power.' (Wartenberg, 1990, p173)

It is possible for a person who is dominated by the power of another to gain the dominant position by acquiring the superior knowledge which could lead to superior power.

Customers can do this during the sales conversation or they can terminate the conversation to a later stage to gain the opinion of others and to acquire knowledge specifically related to their own circumstances.

As the financial advisor controls the rates and service fees a customer can pay or receive, he or she can impose their power over the customer even though the latter may feel resistance towards having no discretion in determining the amounts payable.

If it is possible somehow to convince the subordinate group that it is not being dominated, then an important ground for its resistance has been eroded, for example that fees are standard for everyone or by explaining the cost of product and service supply. (Wartenberg, 1990, p127)

Resistance to a sale can also bring out the true character or intentions of a sales person or a customer, depending on how they respond to power. 'It is only when forces of resistance are mobilized in response to some particularly gross act of influence that we obtain firsthand knowledge of the actors who are in positions of power.' (Kipnis, 1976, pix)

8.8 Power through organisations

Financial advisors who represent organisations bring with them the objectives and goals of these organisations to the sales conversation. They have to provide the products and services within the vision of the design and supply of client focus as decided upon by the organisation.

Kipnis differentiates between the resources that reside within the individual (*personal resources*) and the resources available to the individual by reason of his *institutional* role and sees the fact that the control of institutional resources increases the individual's potential for controlling the behaviour of others as being centrally important. (Kipnis, 1976, p22)

He (Kipnis) argues this point from the view that institutional resources can be preserved for longer periods of time. He believes that personal resources soon disappear, because the individual encounters someone who is stronger, more loquacious, or simply because personal bases of power erode with time - beauty fades. (ibid., p23)

An advisor can arouse the fears and credulity of the customer without the customer knowing what has happened. 'Once these fears and credulities have been aroused, the powerholder can openly offer to reduce them in exchange for compliance. The goal is to make the target falsely believe that he has more to lose than gain by not accepting the advice of the powerholder.' (ibid., p32)

'Although the concept of the strength of power is descriptive, Harsanyi argues that because the cost factor as perceived by B could constitute a determinant of B's incentive to comply, an analysis of the cost pertaining to B would acquire some explanatory value. Furthermore, since the strength of A's power is itself a function of the cost *he* is prepared to bear, the cost factor (pertaining to A) would be relevant to the explanation of the strength of power which A can or will exercise.' (Ng, 1980, p106)

Financial advisors who are remunerated according to a formula based on the profits they generate for their organisations may not be as generous with service fees and rates offered to customers as compared to those who receive a fixed monthly remuneration.

8.9 Power and postmodernism

Best and Kellner refer to the modern theories which see power to be anchored in macrostructures or ruling classes and to be repressive in nature. In terms of postmodernism power is interpreted as dispersed, indeterminate, heteromorphous, subjectless and productive, vested in individuals and identities. (Best and Kellner, 1991, p49)

The postmodern view is the connection of power and knowledge where knowledge is power but power drives knowledge. (ibid., p50)

‘Foucault defines power as “a multiple and mobile field of force relations where far-reaching, but never completely stable effects of domination are produced”. Modern power is a “relational” power that is “exercised from innumerable points,” is highly indeterminate in character, and is never something “acquired, seized, or shared”. There is no source or centre of power to contest, nor are there any subjects holding it; power is a purely structural activity for which subjects are anonymous conduits or by-products.’ (ibid., p51)

This view explains why Foucault calls his approach an ‘analytics’, rather than a ‘theory’ of power. ‘The latter term implies a systematic, unitary viewpoint which he seeks to destroy in favour of a plural, fragmentary, differentiated, indeterminate, and historically and spatially specific mode of analysis.’ (ibid., p52)

Best and Kellner provides us with the beliefs of Baudrillard about postmodern power when they state that ‘a postmodern power involves electronic media and information technologies and semiotic systems that undermines the distinction between reality and unreality and proliferates an abstract environment of images and manipulated signifiers.’ (ibid., p52)

Transformative power (as discussed in Chapter 8.6) which is essential in the act of successful selling, falls within the description of productive power, never acquired, seized or shared, but always in transit between individuals who act as conduits as they communicate and share knowledge with each other in order to improve the quality of their decisions.

Power is heteromorphous as it always acts in combination of various forms and due to its dependence on personal interaction, does not produce stable effects of domination. Not only can the form of power change during conversations, but the intensity (or level) and deemed holder of power, as well. It is therefore always in transition.

Society and the beliefs created by social structures, can develop a pluralism of power which is always in motion when it is exercised, for example the belief that high ranking positions represent power. Not only does it make power difficult to measure but its exact position and effect on a systems model of selling will be almost impossible to determine.

8.10 Expressing the power problem situation in selling

The above review of the philosophy on the role of power in interpersonal communication indicates the following potential problem situations for the sales interview:

- 1.) Reference was made in Chapter 2 to the view that the concept of power is a problem when dealing with the methodology of SSM because its presence has the potential to inhibit the contribution by members of groups where management or seniority is an issue.
- 2.) However, power is always present in one form or another when two individuals interact. This problem creates the need to investigate its influence on the sales interview system to establish whether it can be eliminated or neutralised before or during the sales process.

- 3.) Power is transferred through language whenever individuals interact and can be present in many forms.
- 4.) It can switch from one form to another during the conversation and has the capacity to produce intended and foreseen effects in others.
- 5.) The concept of value is a major factor in the sales decision and as power is value dependent, it has the potential to have a substantial influence on the outcome of the sales act.
- 6.) Power forms knowledge and as such can determine the subject for discussion during the sales interview.
- 7.) The larger the knowledge differential the larger the power differential.
- 8.) It can create the emotions of resistance, resentment and inferiority which can have an impact on the customer's decision to buy or decline.
- 9.) Power positions the subject to which knowledge applies and so may influence the switch to another subject by customers when they feel uncomfortable.
- 10.) Sales people are viewed as experts in their field and their companies are perceived to carry legitimate power. These potential forms of power can affect customers' decisions during sales interviews so that negative responses are elicited.
- 11.) A need exists to reduce the knowledge differential and therefore the power differential between customers and sales people through the transfer of knowledge.
- 12.) The over-supply of information needs to be controlled as it may add to these knowledge and power differentials.

The conceptual model which is to be used as the learning system whereby financial advisors can improve their interviewing skills will have to make provision for the fact that power is present in the sales interview. It will be of major benefit if this model can accommodate the concept of transformative power whereby the customer can be empowered through the transfer of knowledge.

The above problem areas will be considered in the formulation of Root Definition 7 and the related conceptual model 10.7.

9. Ethics in the sales conversation

9.1 Introduction

The question can be asked, what is ethics and does it play a role in the sales process, and if so, how will it affect the outcome of the sale?

For the purposes of this study which relates to the financial services industry, Kant's second formulation of the categorical imperative of morality was adopted as the basic philosophy that: 'I should treat all persons never merely as means to an end but always also as ends in themselves.' (Honderich, 1995, p589) Bunge (1989) says the maxim should be 'Treat fellow human beings not only as means for the common good but also as ends in themselves, i.e. help them achieve, retain or improve their well-being.' (p233)

In the Appendix the results of focus group meetings with customers will be discussed in which they have indicated that the enhancement of their lifestyles and assistance with wealth creation are essential requirements in their dealings with their banks.

This view can apply to both the sales person and the customer in the sales act as both participants can use the sales conversation for their own benefit although Bunge warns us that: 'We do not act as moral agents when all we can think of when faced with a moral problem is to ask ourselves "What's that to me?", "What's in it for me?", or "What do I get in return?"' (Bunge, 1989, p222)

Bahm is of the opinion that: 'Those who fail to distinguish between self-interest (wanting what is best for oneself) and selfishness (wanting what is best for oneself without regard for what is best for others) do not have a clear understanding of either the nature of self and its best interests or of ethics as man's quest for the best.' (Bahm, 1979, p174)

In his discussion of Spinoza's ethics Curley (1996, p116) refers to his definitions of good and evil:

D1: By good I shall understand what we certainly know to be useful to us.

D2: By evil, however, I shall understand what we certainly know prevents us from being masters of some good.'

Customers are free to choose 'between right or wrong, or good and evil, provided we can tell them apart and have the courage and the means to do so.' (Bunge, 1989, p254)

Spinoza (Boyle, 1993) believed that 'each one necessarily seeks or turns from, by the laws of his nature, what he judges to be good or bad.' (p153)

The question then follows: Is it necessary for financial advisors to always act in their customer's interests and if they don't, is there a penalty in some form or another? There are different views of ethics and the good or bad it can reflect, but in this study the principle is applied that in finance it is generally assumed that the borrowing or investment of funds are made for the mutual benefit of customers and banks. The one is not there for the benefit of the other only.

Bunge believes our ethical system is two-tiered: 'it is *monistic as regards humankind, pluralistic as it regards the various human groups*' and that 'all ethical doctrines pose consistency problems in application, for none can possibly foresee in all detail the conflicts between the rights and duties of every single person, or even of every social group.' (Bunge, 1989, p203) Unethical behaviour can create suspicion and lack of trust probably because of the impossibility to foresee the details of the other's intentions.

A schematic diagram explaining the relationships between axiology, (the philosophy concerned with values) ethics, moral codes and value systems, is provided by Bunge. (ibid., p291)

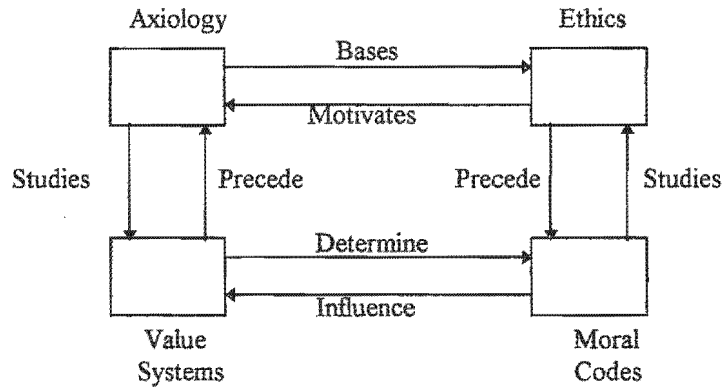


Figure 9.1 Relations between ethics and value theory as well as between their referents

In the above diagram value forms the basis for ethics which in turn motivates the behaviour of customers in a consumer industry to receive value in exchange for their transactions. Bunge believes that people seek knowledge in order to evaluate correctly or act rightly. 'Hence valuation and deliberation about action, as well as decision and action, *connect* values to facts instead of detaching them.' (ibid., p248)

Decisions are also based on customer's values which may be different from those of the sales person. This interpersonal value conflict may lead to an inconclusive sale when their values are incompatible, although a possible compromise could save the transaction. 'We also postulate that we are driven by our values and constrained by our norms, not only by external factors.' (Bunge, 1989, p4)

Perhaps it is the value which is locked into each of the products or services from financial institutions which escalate ethics to its importance in this industry. Many benefits other than pure financial returns exist in banking services such as convenience, security, accessibility and peace of mind each with its own potential value to the customer.

This relevance of value for the individual which can influence his or her decision making, is explained by Bahm. 'If so, then a self is a multivalued being, and this fact and the varieties of values and particular values constitute part of the bases of personal ethics. The pragmatic theory that a thing is what a thing does helps us to understand the nature of self.' (Bahm, 1979, p173)

Every profession is ruled by a more or less explicit moral code of its own. A moral code is the more complex, the stronger the social impact of the professional activity. (Bunge, 1989, p283) The large number of people in a country who have bank accounts of one form or another ensures that the social impact of the quality of financial services in that country, receives prominent attention and consistent scrutiny.

9.2 The importance of ethics in selling

Bahm believes that our conceptions of 'what is possible in the way of clothes, houses, automobiles, travel, occupations, and professional accomplishments are not innate. They are acquired from others. Too few people realize how much their own desires have resulted from social sources.' (Bahm, 1979, p172) The sales person when dealing with customers, should keep this aspect in mind because their advice to customers can be compared with advice received by friends and relatives as banking is a social phenomenon of common interest.

The purchase decision may be influenced by the popularity or general acceptance by society of the value of a service or product. Spinoza calls this influence emulation (*aemulatio*) and defines it as: 'the desire of something which is engendered in us from the fact that we imagine others to desire it also.' (Boyle, 1993, p134)

Should the customer base his or her purchase decision on emotions, the sales person has to overcome this emotional influence by awakening another, more powerful emotion to replace the initial source of decision-making, (ibid., p146) although Spinoza also says

that: 'the emotion towards a thing which we imagine to be necessary is more intense, *caeteris paribus*, than towards a thing possible or contingent, i.e. not necessary.' (ibid., p148) The reason for this view is that the mind provides us with the power to give preference to necessities over the emotions for non-essentials. (ibid., p199)

If a concern exists with a customer whether he or she will receive value or not, it can create a situation of mistrust between the customer and the sales person and/or the organisation. Kipnis states that: 'Perhaps it is because a lack of trust exists between the two parties so that the target person will refuse any suggestion made by the powerholder, no matter how beneficial the suggestion is to both parties.' (Kipnis, 1976, p49) This refusal will limit the sales person's ability to persuade the customer either in a positive or negative way.

Sales people can have their own interests at heart while they also represent the interests of the organisation and the customer and can so struggle with an inner conflict of which advice to give. Bahm suggests that they act in the interests of the customer. 'Only when conflicts among one's self-interests appear to require an act of choosing does obligation occur. The more interests one has, the more likely conflicts are to appear, unless he has succeeded in surmounting them with facility; thus the more obligated, or ethical, he becomes.' (Bahm, 1979, p177)

From the above discussion it can be seen that ethics can affect the following stages of the sales process:

- the nature of advice given as determined by the sales person's ethics,
- the value the customer will receive as a result of this advice,
- the value the sales person can expect if the customer accepts the advice,
- the level of trust and suspicion created due to each other's ethics,
- termination or continuance of the sales conversation,
- the nature of the customer's relationship with the bank (short-or-long-term),

- the knowledge transferred and required between the participants,
- the type of decision the customer will make,
- the stage at which action will be taken.

9.3 How does ethics affect the sale?

Sales people can be much more successful in selling if they remember that: 'to act absolutely according to virtue is nothing else in us than to act under the guidance of reason, to live so, and to preserve one's being (these three have the same meaning) on the basis of seeking what is useful to oneself.' (Boyle, 1993, p155)

Churchman explains that in the act of decision-making if some people are using others for their own means, then their role in the decision map may be judged as immoral, even though they tend to produce a higher aggregate of economic wealth. (Churchman, 1979, p88) Bunge (1989, p243) stated that 'Ethics is a branch of knowledge that has a direct bearing on action' whilst Bahm (1979, p177) believed that The nature and purpose of ethics is to serve as the arena for decision making. It is clear from their comments that ethics as a branch of knowledge, play an important role in the act of decision-making and as this act is a key stage in the sales process, it requires an understanding of how it can affect the sale.

In Chapter 7.2 the role of knowledge in the act of decisionmaking was discussed with an indication of the stage in the sales process where it can appear. This indicates that ethics can contribute to the knowledge of the individual to assist in the act of an informed decision and is therefore a major factor in the sales process.

The reference to the relationship between values and ethics (a branch of knowledge) in Chapter 9.1 above and the role of ethics in the process of decision-making links value and decision-making together as explained by Bunge. 'For instance, we say that object A is good for person B as shown by experience C; or that action A is right for individual B

because it meets a basic need of C or B. So, as a matter of fact, far from *opposing* values to facts, rational people often evaluate and decide in the light of their knowledge of facts: They seek knowledge in order to evaluate correctly or act rightly. Hence valuation and deliberation about action, as well as decision and action, *connect* values to facts instead of detaching them.’ (Bunge, 1989, p248)

He provides further advice which can guide the sales person on the question of ethics in the sales function: ‘An effective ethical system must be based on an ontology admitting both competition and cooperation, and even combinations of both, on all levels of reality.’ (ibid., p254) As soon as suspicion is introduced into the sales act the process sequence can be affected in a negative way which can result in immediate termination of the sales conversation, continuance but no sale or a one off sale but a defected customer.

9.4 The stages of ethics in the sales act

If ethics is present in the self interest of the sales person and the customer even before they meet, then its influence on the sales process can be active from the very beginning of the first phase of the process. Ethics is therefore continuously present throughout the interview as well as after the conclusion of the sale in the activities of after sales service, repeat sales and continuous service.

It is possible that either person can participate in each phase of the sales process without acting in the interest of the other or in their own interests. In this example ethics plays no role in the sales act. Should either person decide at any stage to act in their own or the other’s interest, independently, their decision can affect the sales process from that moment onwards. The decision to participate in an ethical or unethical way can be taken independently by each person or can be triggered in response to a contribution from the other person. The phase in which this decision is made can be influenced in a positive or negative way depending on which ethics was decided on. The ethical position of a person can be concealed or can be transferred through the use language in the sales conversation.

In a one off sale the customer may decide to ignore the moral values of the sales person if the attraction of the product is large enough to overcome the negative effect of the sales person's own intentions. In a customer and sales person relationship which is intended to be of a long-standing nature, the moral values and ethics of either party becomes much more important.

Sales people who focus on the lifestyle needs of customers may discover passions for specific lifestyles which they could utilise to achieve successful sales. The importance of this passion is described by Spinoza as follows: 'the force of any passion or emotion can so surpass the rest of the actions or the power of a man that the emotion adheres obstinately to him.' (Boyle, 1993, p146) The purchase decision can therefore also be an emotional decision which can manifest itself at any stage of the sales process.

Bunge believes that ethics should not only be descriptive but also prescriptive and that: 'it attempts to build or reform viable systems of moral norms. In his view any such system should be

- (a) internally *consistent* (non-contradictory);
- (b) *compatible* with the relevant natural and social sciences;
- (c) *viable* - i.e. it must be possible for an ordinary human being to live up to it, and for a society to adopt it;
- (d) *balanced* - i.e. it must combine rights with duties;
- (e) *flexible*, i.e. it must make room for extenuating and aggravating circumstances; and
- (f) *humane*, i.e. designed to facilitate the pursuit of well-being.' (Bunge, 1989, p290)

The role of ethics in the sales process will depend on whether it is positive or negative, is it emotionally influenced, is it in the interests of the sales person or the customer or both and will it have little or substantial effect on the sales outcome? The systems model of

the sales process will have to provide for these potential influences throughout its different phases.

9.5 Expressing the problem situation

The review of the philosophy related to the subject of ethics and its role in interpersonal discourse, lead to the following perceived problem situations:

- 1.) Checkland and Scholes (1992) introduced the term ethicality as one of the criteria to judge the transformation of T (knowledge) to test if T is a moral thing to do. (p288)
- 2.) The products of financial institutions have monetary value and as such represent different values for different people.
- 3.) Sales people also have different perceptions of value which can lead to conflict if their values are incompatible with those of their customers'.
- 4.) Customers' purchase decisions may be affected because value forms part of people's lifeworlds where meaning and understanding are created.
- 5.) Evaluation of concepts are based on the knowledge a person has and if the objective of the sales interview is to transfer knowledge between the advisor and the customer, it follows that the customer's decision will be influenced by the amount and nature of knowledge transferred.
- 6.) Industries are ruled by moral codes of their own, but the market's perceptions of those moral codes may be different.
- 7.) If customers view the ethics of financial advisors with scepticism, it may influence their decision to purchase or decline.
- 8.) Advisors have the opportunity during the sales interview to change these current negative perceptions of their customers.

The above perceived problem situations will be used to formulate Root Definition 7 and conceptual model 10.7 which will describe the system in which ethics can influence the sales conversation.

10. Soft Systems Methodology (SSM)

10.1 Introduction

In Chapter 2.3 of this study SSM was established as the main method of enquiry into the problems of the sales interview and it will be used to build the conceptual models of the stages in the process. SSM will form the basis of the a priori concepts to be used to create knowledge according to Lewis's philosophy as was discussed in Chapter 2.2. In Chapters 2.4 and 2.5 the philosophy and principles of SSM were reviewed for their contribution towards the stages that will follow below.

SSM is applied in this study in a new way (monological form) which deviation is accepted by Checkland and Scholes (1992, p287). The traditional contribution of participants in the learning system is replaced by the "participation" of the authors referred to in Chapters 3-9 of the philosophies related to the subjects involved in human discourse. SSM was used for the author's own clarification and objective to find a model which will explain the process dynamics of the sales interview and which can be used in the training of financial advisors.

The sales conversation between a customer and a financial advisor is a dynamic human activity system (HAS) which can vary in nature from one person to another and even with the same individuals, from one problem to another. The complex nature of this sales process is evident from the relevant philosophies discussed in Chapters 3-9 as well as from perceived problems communicated by customers during focus group meetings held by a large financial institution and research data from The Corporate Advisory Board in Washington, D.C. (1998). (Appendix A)

The sales process makes it difficult for system boundaries to be defined as the sales act in financial institutions includes an objective of relationship building and maintenance in line with the view of Vickers as described in Checkland. (1988, p165)

Based on the philosophical background explored previously, SSM can be applied as a methodology to search for answers to the following questions:

- what is the process dynamics of each phase?
- how are these phases linked together?
- do they affect one another and if so, how?
- can a better understanding of the phases assist organizations to improve the outcome of the sales act?
- is there a holistic picture of their interactions within a single system?

It was also perceived that with the use of SSM further problems may be identified which could extend the research into areas which would be too wide for the purposes of this study. Due to this concern it was decided to limit the main areas of focus to the following three conditions namely:

- i. the efficiency of the sales conversation,
- ii. the transfer of knowledge and
- iii. improving the ability to make decisions.

10.2 The seven stages of SSM applied to the sales interview

The guidelines provided by Checkland and Scholes for the seven stages of SSM were used in the analysis of the sales conversation. (Checkland and Scholes, 1991, p62) As SSM can be applied in different sequences as long as it improves the outcome of the study, it was decided to discuss stages 1 and 2 separately, but to combine stage 3 (the formulation of root definitions) with the immediate construction of the conceptual model related to that root definition and directly thereafter compare the conceptual model (based on the relevant philosophy) with the perceived reality (The Advisory Board, focus group feedback, market perceptions and personal experience in the industry). This

process will then be followed by suggestions of feasible and desirable changes and recommendations for the application of the findings. (An experiment utilising the conceptual models below was conducted by the author in a financial institution in South Africa. The findings of this experiment is described in Appendix B).

10.2.1 Stage 1 - Finding Out

In this stage the theoretical research of the philosophers' views in Chapters 3-9 (some of them are empiricists) are analysed to discover the nature of the problem from a philosophical point of view. This process of "finding out" is different to Checkland's (1981, p172) recommendations of observation, collection of secondary data and informal interviews, although the reviews of the philosophers' opinions could almost be seen as informal interviews. Their views can be associated with the microscope metaphor which refers to different perspectives obtained through the use of different filters/lenses. (Empirical information which led to the undertaking of this study and which was found to support many of the contributions from the philosophy research, is presented in Appendix A.)

The information gathered from the above sources created a sense of mismatch (Checkland, 1988, p155) between what financial advisors perceive their actions should be during the sales conversation, what customers believe it should be and the principles explained by the philosophers. These problem situations were unstructured due to their complex nature and should rather be viewed as conditions to which principles should be applied to improve the current perceptions of mismatches.

As was explained in Chapter 1 the sales interview is a process which begins when an advisor and a customer meet and ends when the two depart. During this interaction a series of possible activities can take place in relation to the principles and beliefs of the philosophers which were described in Chapters 3-9 and which can lead to either an inconclusive or a successful sale. These activities are summarised in Table 10.1.

Table 10.1 The main contributions from the philosophies of Chapters 3-9

1. - recognising the role of each participant in the interview
 2. - confirming the identity of the other person in this role
 3. - agreeing the subject for discourse and
 4. - granting the right to enquire about the agreed subject
 5. - asking permission to change the subject to something else
 6. - the role of each person's lifeworld in the interview
(values, beliefs, meaning, understanding, language, vocabulary, culture)
 7. - the act of conversation (human discourse)
 8. - the use of language (language games) and vocabulary
(financial terminology, social influence, linguistic ability)
 9. - creating shared understanding
(concepts/ideas, interpretation, creative thinking, questions and answers)
 10. - the transfer of knowledge between customer and advisor
 11. - resistance to the perceptions of power and
 12. - the transfer of power from the advisor to the customer
 13. - providing the freedom to choose
 14. - the process of decision-making and
 15. - the effect of ethics in the purchase or sell decision.
-

Each one of the above conditions can influence the outcome of the sales interview either separately or in combination with one another which confirms the complex nature of the interview process.

10.2.2 Stage 2 - Expressing the Problem Situation.

The interaction between two individuals involves a complex interaction of mostly abstract concepts which complicate the drawing of a rich picture as it needs to reflect

activities of the mind, lifeworlds, emotions, knowledge, language and vocabulary. To assist with the comparison of the views as could be perceived by a customer and an advisor, the author decided to apply some of the stages of the methodology of Strategic Assumption Surfacing and Testing (SAST). This decision was based on the fact that SAST ‘focuses managers’ attention on the relationship between the participants involved in a problem context, and not on the supposed characteristics of the “system” that constitutes the problem context’. (Flood and Jackson, 1991, p119)

The sheer volume of concepts/ideas, meanings, emotions, signs and knowledge which are transferred during the sales interview created confusion in the study as to the point of departure for the categorization of the most important problems. The methodology of SAST assisted with the prioritising of the significant assumptions according to the level of risk they carried to contribute to either the success or failure of the sales interview. The conceptual pragmatism of Lewis (Chapter 2.2) served as a filter to select those assumptions from the philosophers’ principles and beliefs (supported by the data in Appendix A), which will contribute the most in achieving the objectives of this study. These assumptions are categorised in Table 10.2.

Table 10.2 The top five assumptions concerning the stakeholders of the sales interview

Customers (C)	Advisors (A)
C are only sources of revenue	C do not understand their own problems
C need more information about finance explained in ordinary language	C don’t know the solutions to their problems
C have their own lifestyles outside their banking relationship	A know what is best for C
C feel threatened by the power of A	Time is money
A assume they have the right to ask any questions (no respect for privacy)	A’s main objective is to get C to accept the A’s proposed solutions

The above assumptions summarise the main problem areas for customers and advisors. There were however a number of other significant assumptions concerning each stakeholder which could be made. These are reflected in Table 10.3 below.

Table 10.3 Other significant assumptions concerning each stakeholder

Customers (C)	Advisors (A)
A are not interested in C's identity	A have the right to question C,
their forms are more important than C	in order to establish A's problems,
A are not concerned about the long term	and to have the applications processed
A attend to one need at a time only	C's problems are all the same
A do not consider C's cultural background	A interpret problems in their own way
A use financial jargon to confuse/impress C	C don't know all the products
C are not entitled to their own opinions	C should accept A's suggestions
A think they can think for C	Companies have rules and regulations which
C are told by A what to do	A must adhere to
C feel constrained in their freedom to	A are unaware of any power over C
make decisions	
Companies have too many rules and	C sometimes make emotional decisions
regulations	
A supply either too much or too little info	
C want value for money	
C don't trust A	

At this stage of the SAST methodology a process of dialectical debate is suggested with the purpose of establishing the difference between customers' and advisors' assumptions, followed by a synthesis stage to achieve a compromise of the assumptions from which 'a new higher level of strategy/solution can be derived'. (Flood and Jackson, 1991, p127)

As this study is in a monological format the above stages can therefore not be executed. The methodology of SAST however, has served its purpose in assisting with the

narrowing down of the main problems between customers and advisors. Stage 3 of the SSM can now be applied to formulate root definitions of the main problem areas which have been identified from the philosophers' principles and beliefs in Chapter 10.2.1 above.

In Stage 4 conceptual models will be built from the root definitions to give an account of the activities which the real system must do in order to fulfil the requirements of the root definitions. In Stage 5 (comparing models and reality) and Stage 6 (defining changes) the ability of the conceptual models to solve the problems in Tables 10.2 and 10.3 will be assessed. If this is achieved then the problems of the sales interview has been resolved. If not, areas for further investigation must be identified.

According to Checkland (1988, p165) the '*building of the richest possible picture of the situation being studied*' has been found most useful to place the problem in perspective in terms of its application in actual situations. The reason for not drawing a rich picture here and why this generally useful exercise was replaced by a section of the SAST methodology, were explained above.

10.2.3 Stages 3, 4 and 5 - Formulating Root Definitions,

Building Conceptual Models and Comparing with Reality

According to Checkland (1981, p175) a root definition is an idealised view of what a relevant system should be while Wilson (1986) adds that it is more than a mere statement of the objectives of the system and that it 'incorporates the point of view that makes the activities and performance of the system meaningful.' (p30) The purpose of this study is to build a model/s of the process dynamics of the sales interview and the formulation of root definitions and their related conceptual models can assist to explain the phases which make up the complete process.

For the formulation of root definitions the well known CATWOE mnemonic will be used with its elements as described below:

C	'customers'	:the victims or beneficiaries of T
A	'actors'	:those who would do T
T	'transformation process'	:the conversion of input to output
W	'Weltanschauung'	:the worldview which makes this T meaningful in context
O	'Owners'	:those who could stop T
E	'environmental constraints'	:elements outside the system which it takes as given

Figure 10.4 The CATWOE mnemonic

(Checkland and Scholes, 1991, p35)

To expand the investigative formulation of root definitions two further elements will be included: (from discussions with Dr. J Strumpfer, UCT, 1999)

P	'Purpose'	:what is (or should be) the purpose of the system?
MOP	'Performance measures'	:indicators to measure success

10.2.3.1 Recognition and identity

This concept was discussed in Chapter 3 and its presence as an essential principle for a successful sales interviews was explained. When two individuals A and B meet for the first time and B initiates the first contact, A can acknowledge B either verbally or by giving a sign to that affect. This means that A has recognised B's identity and if A communicates with B, A has granted B the right to enquire although not necessarily the right to an answer. The enquiry cannot continue without this right from one person to another.

In the sales process this right is crucial as no questions can be asked or answers given without it being acknowledged, and as the transfer of knowledge forms the basis of the sales process, the pursuit of information depends on the enquiry that is allowed.

A typical example is a passer by who requests the time of day from another person. He or she could either be:

- (a) ignored
- (b) acknowledged but not answered (recognition of identity)
- (c) acknowledged and answered, but not given the time (subject denied)
- (d) acknowledged and given the time
- (e) acknowledged, given the time and further advice or information he or she did not ask for
- (f) acknowledged, given the time and be drawn into a conversation with different purposes.

In the sales process (d) above could not happen if the right to enquire was not given.

'From a systems point of view, there are two implications worth emphasizing in terms of the meaning of identity for a human psychic system. The first is that individuals find their meaning and identity (psychosocial existence) through the relations (roles) they establish within a variety of social systems. The second is that individuals develop meaning and identity through the integration and organization of their separately developed behavior subsystem.' (Downing Bowler, 1981, p131)

Root Definition 1:

Definition: A system that allows for the recognition and establishment of each individual's identity and role towards an efficient sales conversation.

of the conversation by either participant. This process and the conceptual model of Root definition 1 are drawn in Figure 10.1 below:

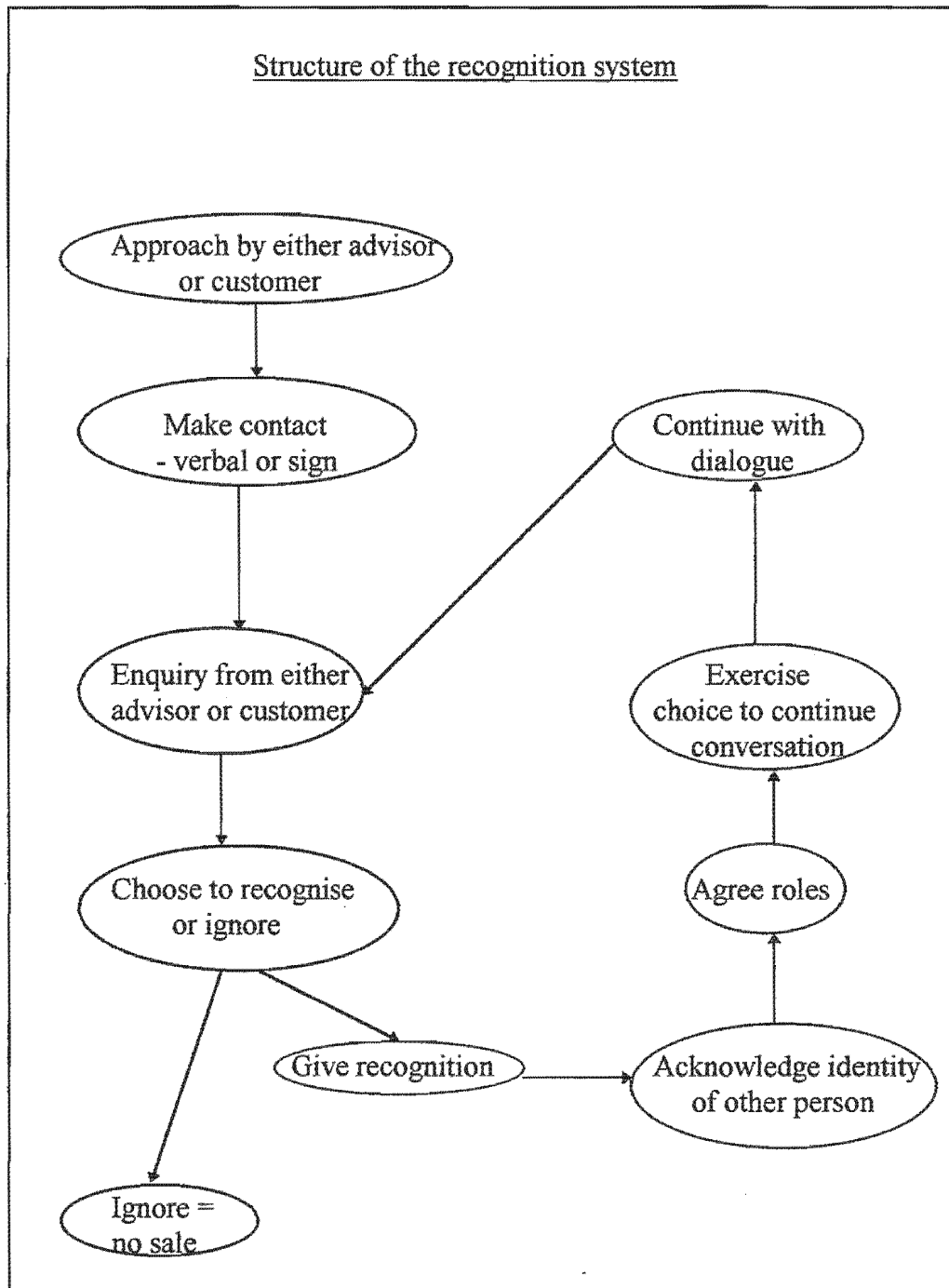


Fig. 10.1

The constraints in this system is vested in each individual's choice to either recognise or ignore the other, to agree each other's roles and to choose to continue with the conversation. This means that even though recognition and identity were given, the choice not to provide any further information or to continue with the discussion can still be exercised.

Perceptions of reality

In the financial services industry interviews can be arranged either by appointment which means that the customer and advisor know that they are going to meet, or through cold calls when they meet unannounced for the first time. Customers' comments on this phase of the interview as explained in the background to this study in Chapter 1 and in Chapter 10.2.1, the finding out stage above, indicate that advisors treat them as 'or sources of revenue.

Advisors perceive all customers to be the same which create the impression that differentiation, and therefore individual identity, is unnecessary. Customers complain that advisors do not make eye contact when they meet, which confirms that presence has been acknowledged but identity has not been established. This example indicates that advisors are aware of their own roles which they 'think' they play, but do not acknowledge the role and value of the customer. Advisors are perceived to be one-product driven and create the impression they want to get the interview over as soon as possible. This They introduce themselves in such a formal way that it does not encourage any form of relationship building. This is probably because they are one product driven and create the impression they want to get the interview over as soon as possible. This confirms that the recognition and identity phase of the sales process is being neglected.

10.2.3.2 The right to enquire about a subject

After recognition and identity has been acknowledged the conversation can still be terminated if either person is not prepared to discuss the subject of the question raised through the enquiry which is made. At this stage it is necessary for the subject of the conversation to be agreed upon as it will determine if both parties are prepared to continue with the conversation. If both persons agree to accept the subject for conversation, (i.e. the product, service or industry) then the sales process. This step in the sales process is crucial as the subject will also have a bearing on the knowledge differential between the two individuals about the product or service to be sold.

Root definition 2:

Definition: A system whereby the subject for discussion in a sales conversation can be agreed to allow for the gathering of information.

Purpose	To mutually agree and accept the subject for conversation
Customers	Customer, sales person
Actors	Customer, sales person communicate
Transformation	Propose subject → accept subject
MOP	Conversation continues on the agreed subject
Worldview	You can only discuss what is agreed
Owners	Customers, sales person
Environmental constraints	No changing of subject, continue with interpretive conversation

The philosophy discussion from Chapter 3 explains that the right to enquire about a subject cannot be assumed but must be granted through acknowledgement by the other person. By the acceptance of dialogue a person is committed to the questioning of the other. The conversation which follows is then restricted to this specific subject and this agreement may be revoked when the subject is changed. A new subject thus requires a

new right which can be actioned through discourse between the buyer and the seller. The process of questions and answers can only relate to the right given by one person to another to pursue a particular direction.

If the initial contact from the seller was a question, the buyer may choose not to answer the specific question but to comment on something else. Any response other than termination of the contact and thereby withdrawing any rights to enquiry, will grant the seller the right to continue the conversation on the subject responded to. If the buyer's response is in relation to the enquiry from the seller, it means that the seller has been given the right to continue the conversation on the related subject. As long as the buyer agrees to continue with the conversation the identity of the seller and his/her rights to enquire will have meaning in the sales act. The conceptual model for agreeing the subject is given in Figure 10.2 below:

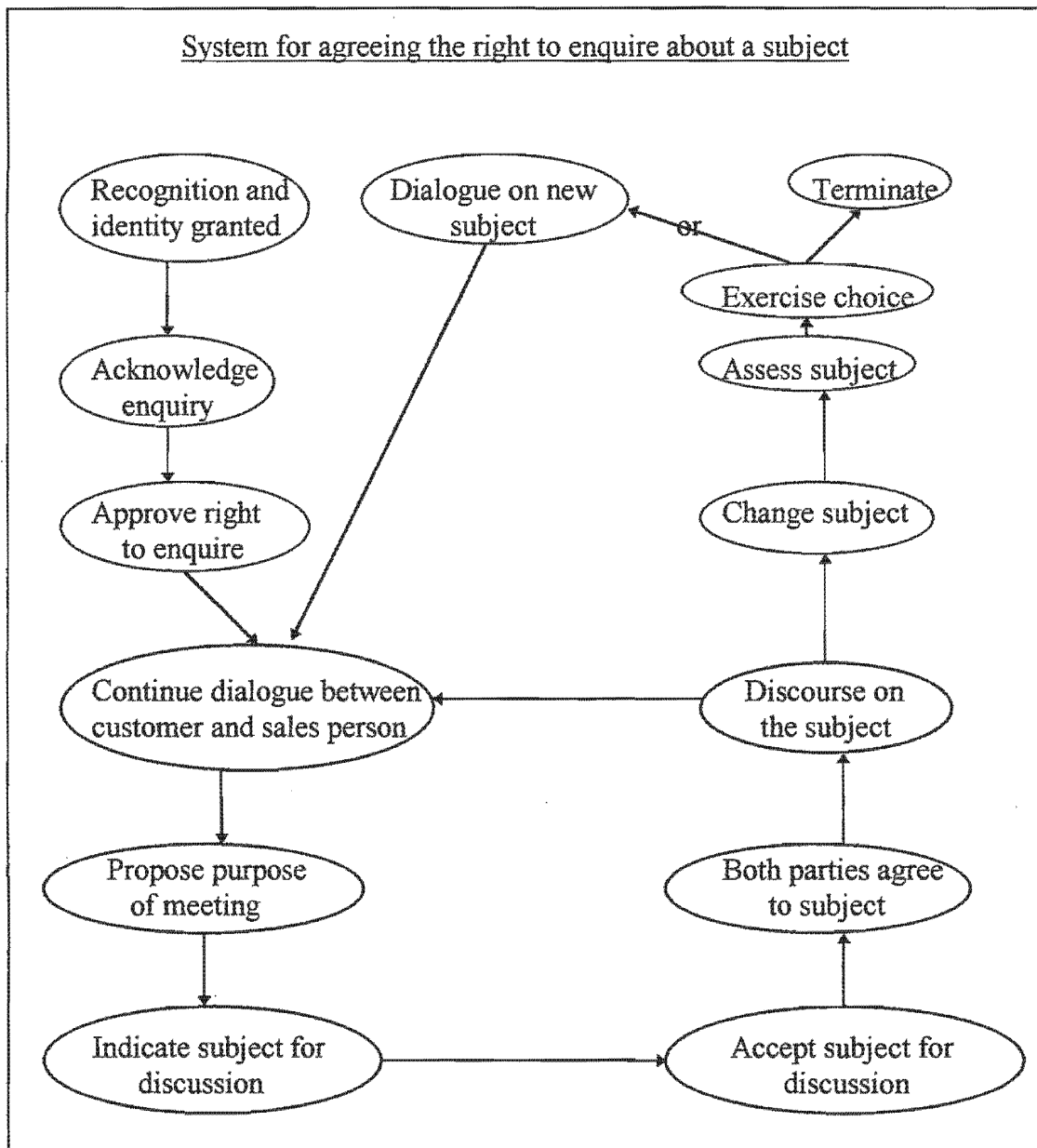


Fig. 10.2

The control and communication elements are situated in the agreement of the subject by both parties. If the subject is not agreed by either person, the conversation may be terminated. If an alternative subject is proposed by one of the individuals and it is not accepted by the other, the conversation can again be terminated.

Perceptions of reality

Customers complain that advisors introduce themselves in such a formal way that it does not encourage any form of enquiry. The arrogant attitude of some advisors also seems to discourage the asking of questions which is confirmed by their unwillingness to listen to matters which are important to customers. Advisors believe that customers do not have the right to question their bank and therefore do not grant customers the right to enquire when they meet. Advisors create the impression that they are very busy which also discourages the asking of questions.

Customers are not always aware of the full range of products that are available to them and may also not be familiar with the terminology that is common language in the financial services industry which makes it difficult for them to propose subjects. The current culture among sales people is to be prescriptive as they believe they know what customers need without finding out before they make suggestions. Advisors do not explain their products or services in understandable terminology and when clarification is asked, they change the subject without agreement from the customer. Sales people can provide customers their initial request or offer alternative and more beneficial solutions. This changing of the subject in the advice mode for the benefit of the customer is perceived to be acceptable to customers as it adds value.

10.2.3.3 Comparison with own lifeworld

Once recognition, individual identity and the right to enquire has been established, the sales conversation (verbal and/or sign language) can continue. Each participant has their own principles and perceptions of value which can differ from one person to another. It is important for each party to communicate in a language and vocabulary which the other person can understand. Terminology familiar to the sales person may be unknown to the customer and clarification of these terms must be provided. The worldviews of both participants can have major influences on the information requested and supplied as

these worldviews can determine their interests in the products and their assessment of their benefits and value.

Root definition 3:

Definition: A system for the interpretation within a person's own lifeworld, of the information supplied through discourse on an agreed subject.

Purpose	To compare dialogue with a person's own lifeworld
Customer	Customer, sales person
Actor	Sales person, customer interpretation with lifeworld
Transformation	Information supplied → comments evaluated
MOP	Further enquiry shows understanding of concepts
Worldview	Customers do not purchase products they do not know
Owners	Sales person, customer, organisation, manufacturer/ supplier, legislator, consumer protection bodies
Environmental constraints	Opportunities for communication (face-to-face, print, electronic) Vocabulary, language, terminology, Culture, (values, standards, beliefs) Commodity and methods of payment

The principles related to the philosophy of a person's lifeworld was discussed in Chapter 4. The sales conversation which results after the subject for discussion has been agreed upon, is the result of each participant's contribution as represented by his or her lifeworld. Advisors' work environments constitute their frameworks for the conversation which are different from the frameworks of their customers for it represents only a segment of their lifeworld.

The lifeworld forms a continuous phase during the sales conversation impacting on all activities of the process and forms a reference for formulating opinions, values, standards, principles and the making of decisions. The vocabularies used and the language by which the messages are communicated are formed by the person's lifeworld and new terminology is added to the existing content.

A person's lifeworld enables him/her to interpret words, culture and the meaning of concepts, and formulate responses in the language which it is phrased. The speech acts which express these responses contain the pragmatic objectives of the messages they convey. Customers' perceptions of value can determine the nature of their decisions if they perceive value to be sufficient in terms of the price of a product. New concepts are added to the lifeworld which may change the standards and perceptions of the person. The conceptual model for a system whereby speech acts between a customer and an advisor are interpreted in a person's lifeworld is provided in Figure 10.3 below:

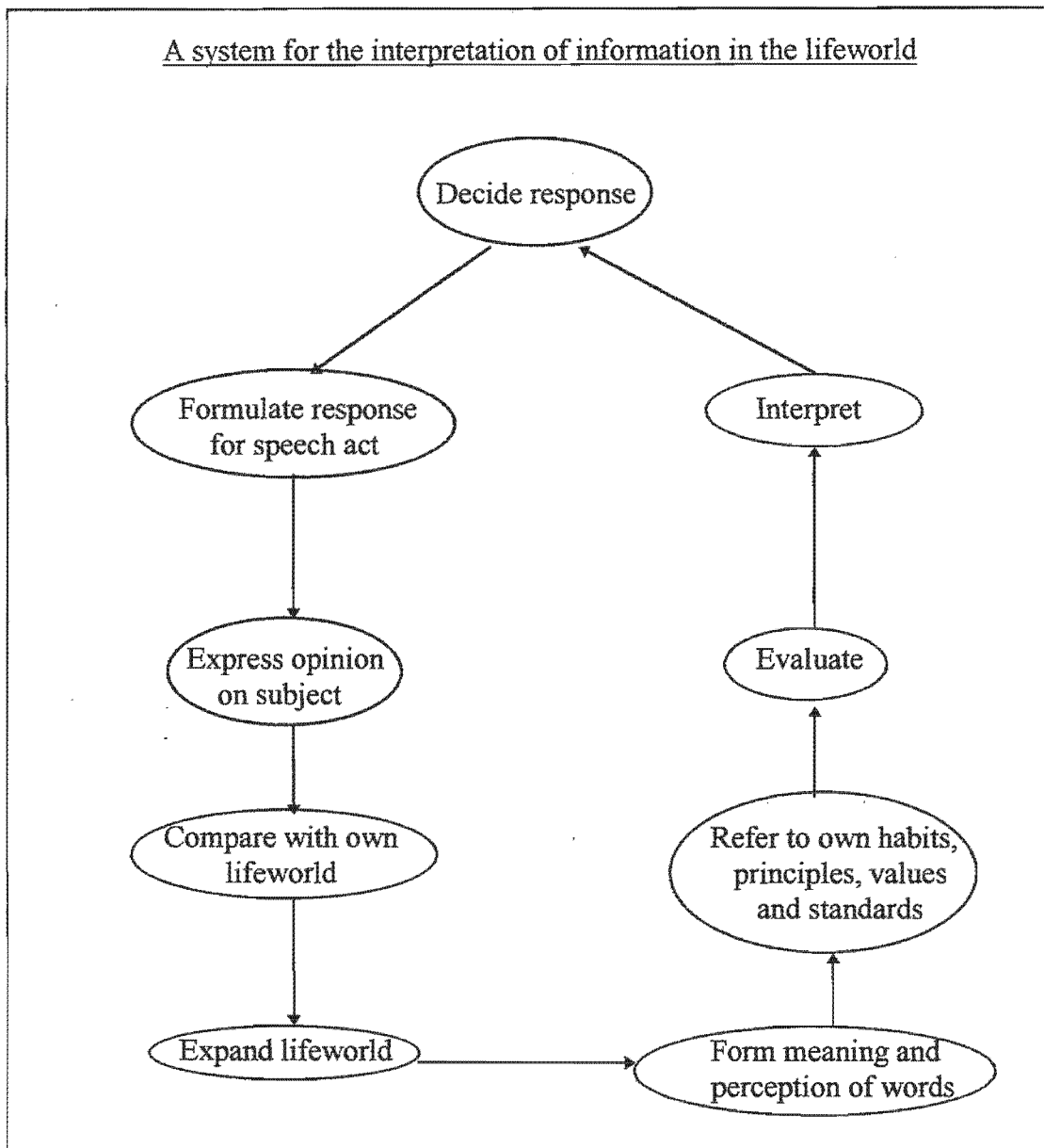


Fig. 10.3

The sales conversation is a dual participative act in which both individuals provide their requirements, opinions, beliefs and clarification for the other person. If one of the participants cannot interpret the comments of the other, an efficient conversation cannot take place and a successful sale becomes very unlikely.

Perceptions of reality

The financial jargon and terminology used by sales people is not well received as it can place the customer at a disadvantage. Customers expect their financial advisors to clarify features and benefits of products and services for them. This is not often understood by sales people as they have different objectives in terms of the sales targets they are required to meet. Customers believe their needs ought to receive priority over the targets and personal objectives of the advisor and that advice and suggestions given should display this attitude.

Advisors do not understand the different cultural differences and worldviews of their customers and do not utilise the opportunity during the interview to find out what their customers' lifestyles and needs are. The advice that is offered by the advisor does not make provision for these crucial beliefs and may result in suggestions which do not suit the customer. This is probably one of the biggest reasons why customers have become dissatisfied with the service from their bank. Advisors are not trained to explain clearly and not all of them have the linguistic ability to do so either. The enormous number of financial products being advertised in the daily press confuses customers as this field is not part of their lifeworld, and to study the meaning and value of them all is beyond the average person's interest.

10.2.3.4 The transfer of information through language

By the acceptance of dialogue the customer and sales person is tied to the transfer of information by the right that one person in a conversation gives to the other. The sales person can use the conversation with the customer to:

- determine the customer's needs, habits and personal requirements
- the customer's lifestyle and financial means
- decide if he or she wants to continue with the sales efforts
- decide which sales tactics he or she should apply.

The customer can use the conversation to establish:

- the integrity of the sales person
- their level of knowledge about the products or services
- features and benefits of the products and services
- if it could benefit his or her lifestyle
- whether it can increase his or her personal wealth
- methods of payment and delivery
- after-sales service.

Root definition 4:

Definition: A system by which information about a particular subject is transferred from one person to another through the use of language for the purposes of making a decision.

Purpose	To transfer information from one person to another
Customers	Customer
Actors	Sales person
Transformation	Information provided ^{interpretive conversation} → Knowledge gained
MOP	Sufficient knowledge to make an informed decision
Worldviews	Knowledge can be transferred through communication
Owners	Sales person and customer
Environmental constraints	Culture, vocabulary, sign interpretation, ability to communicate and listen.

The role of language as the medium in which we live and through which discourse and information transfer takes place, was discussed in Chapter 5. Language is the vehicle for the transfer of information and this can be done through speech, signs, colour, sound, music, print etc. The purpose of the transfer of information is to create new knowledge so that more informed decisions can be made. New products and ideas can become familiar through language, and specialised subjects require a specialised vocabulary for this

purpose. In the philosophy language has been described as the medium in which we live and which is presented through those who speak and write it. The reflection on information which is supplied takes place through language in a person's lifeworld.

Sales conversations are language games in which language transmits the pragmatic rules that constitute the social bond between individuals. New information is added onto the existing information and so a person's lifeworld expands. Language encompasses everything and creates our lifeworld. The role of language to transfer information in the sales conversation is described by the conceptual model in Figure 10.4 below:

A system for the transfer of information through language

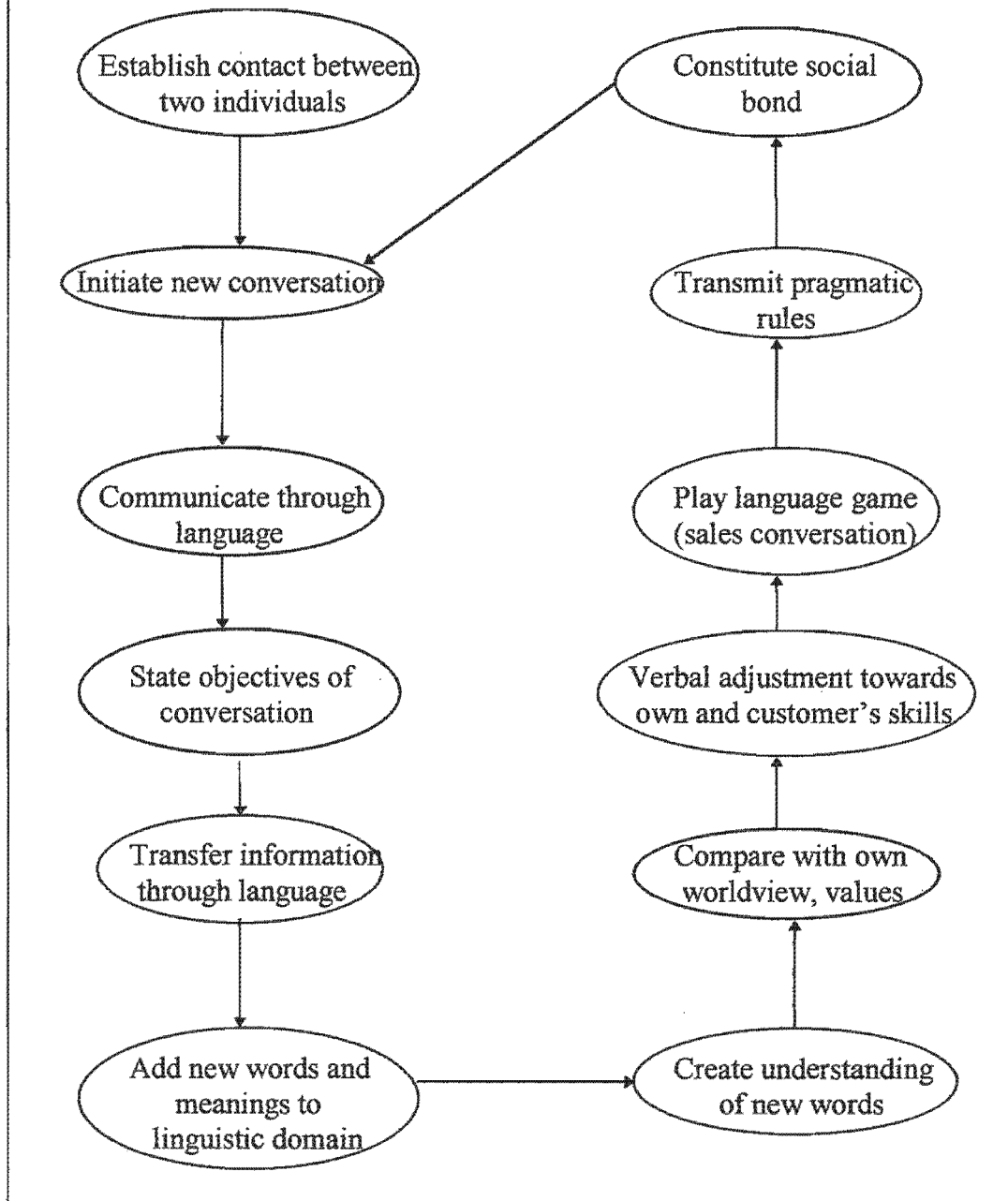


Fig. 10.4

The vocabularies about the subject for both individuals should be at least at a level where they can understand what the other person is trying to communicate. In financial services,

specific terminology exists and due to the importance customers attach to their financial means, a high level of understandable communication is required.

Perceptions of reality

Customers relate the success of their sales conversation in financial services with the amount of information they acquired. This is generally not perceived to be very high. (See Appendix A) Advisors seem to have limited product knowledge which makes them unwilling to explain certain features and benefits of the more complex investment instruments. They also perceive all customers to have the same amount of financial knowledge.

Where insufficient information is supplied or where the specific features and benefits of products and services are not explained clearly in (for the customer) understandable language, customers might:

- not return for further appointments
- change their financial advisors where possible or
- change their Banks.

The use of financial terminology which customers do not understand, can create new words to be added to their vocabulary and with explanation, can create new meaning. Customers complain that terminology is not explained which do not allow them to compare the meanings with the understanding in their own lifeworld so that they can adjust their own comments to improve the meaning of the conversation.

Advisors are criticised for doing most of the talking which denies customers the opportunity to contribute their own pragmatic rules to the conversation. It is no wonder that not much of a social bond can be established which explains why customers easily

defect to another bank in search of improved service. Banks view this defection as disloyal but then they did not deserve it in the first place.

10.2.3.5 Creating shared understanding

One of the most important challenges for sales people is to determine in the shortest possible time the habits, lifestyle, preconceptions, likes and dislikes and financial means of their customers. Questions and comments should be directed towards acquiring and creating a certain level of understanding about the subject. Initially this level of understanding, especially for the customer, could be quite low, but as the conversation proceeds, the interpretation of the information provided could lead to an increase in the level of understanding for both participants.

'Meaning and understanding are not psychological processes, discrete events, or states of mind; they are essentially linguistic. It is the work of art or text itself that possesses meaning. And furthermore, this meaning is not self-contained - simply "there" to be discovered; meaning comes to realization only in and through the "happening" of understanding.' (Bernstein, 1983, p126) He (Bernstein) further states that: *'The circle of understanding is "object" oriented, in the sense that it directs us to the texts, institutions, practices, or forms of life that we are seeking to understand.'* (ibid., p135)

Root definition 5:

Definition: A system to generate an increased level of shared understanding between the advisor and the customer by using language in the process of questions and answers.

Purpose	Improve shared understanding between advisor and customer
Customers	Sales person and customer
Actors	Sales person and customer
Transformation	Supply information → greater understanding
MOP	Is further information requested?
Worldview	Knowledge and understanding is unique to every individual
Owners	Sales person and customer
Environmental constraints	Different worldviews, social beliefs, vocabulary, values, standards

The philosophy discussed in Chapter 6 on communication, interpretation and understanding provides the logic for the conceptual model which explains the process of creating understanding in the sales conversation. The information provided by both participants can be used for interpretation and to formulate solutions. Understanding requires that questions are asked and answers given about the specific subject, which creates ideas and the need to know more. The interpretation and understanding of information create concepts and beliefs which can serve as guides for action.

As customers have a priori knowledge of the subject which may either be irrelevant, insufficient or incorrect, the advisor needs to ask pertinent questions and carefully interpret the answers to ensure the customer understands the concepts explained. The path of all knowledge leads through the question and in order to ask a question one has to acknowledge that one does not know. Dialogue in the sales conversation is a process of two people understanding each other which changes prejudgements and prejudices.

The use of financial terms in language can explain financial terminology. Banks do not have tangible products. It is the benefits and thus the knowledge of instruments and services which are sold. In order for the advisor to clearly understand the needs of the customer, a fusion of their horizons must take place where they do not necessarily agree, but where the advisor can position him- or herself in the customer's situation and so provide the most suitable solutions. The process of questions and answers are valuable

techniques to establish the other's lifestyle, values and habits. The conceptual model for creating shared understanding between two individuals is provided in Figure 10.5 below:

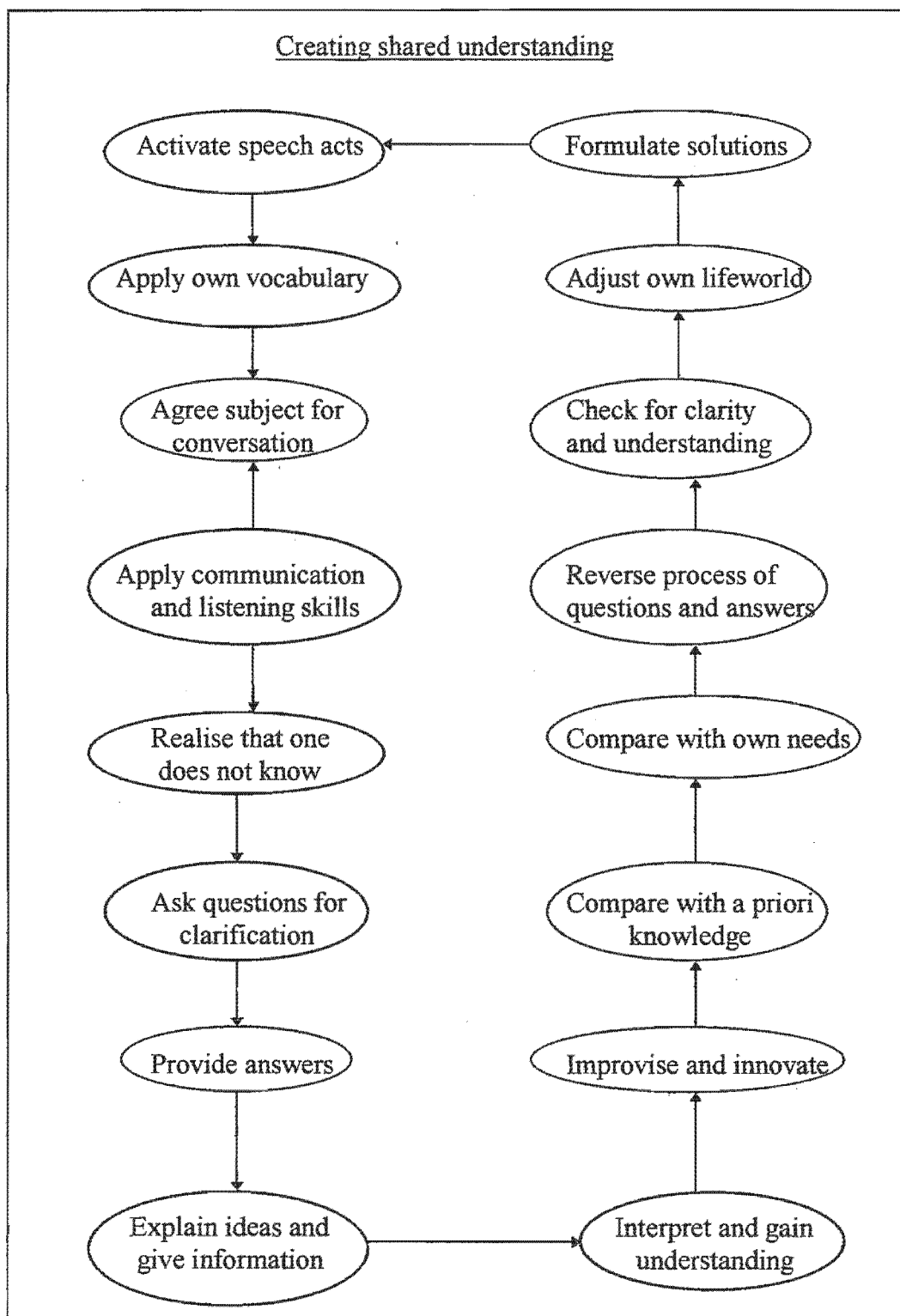


Figure. 10.5

If the level of understanding created is sufficient for both the customer and the advisor, either person can make an informed decision or each person may decide individually to continue with the process of asking questions and supplying answers until the desired understanding is achieved. If information can not be provided to create increased understanding, it may cause either person to terminate the conversation.

Perceptions of reality

Finance for important assets such as a house or a vehicle can lock the purchaser in payments for many years and customers need to gain a complete understanding of how it will effect their financial position in the longer term. Letters to the press, repossessions of properties and vehicles and the inability to maintain instalments and associated costs, often result in explanations from customers that they did not understand the full extent of the commitments they entered into. Dissatisfied customers do not hold their financial institutions in high esteem as recovery from large amounts of debt can be a lengthy process.

Customers believe they do not get the best advice from their banks as the advisor do not adequately understand their needs. This indicates that advisors have not mastered the art of questioning and answering. Customers have a certain amount of a priori knowledge about the subject and by not establishing what this level of knowledge is, advisors cannot conduct an efficient interview. If the objective of the conversation is for two people to understand each other, customer complaints indicate that understanding is seldom achieved. Many dissatisfied customers have exclaimed, 'my bank does not understand my situation.' In the face-to-face interview advisors have the ideal opportunity for a proper needs analysis from which they can provide the applicable information, however they do not seem to realise or utilise this opportunity and therefore no fusion of horizons can occur.

10.2.3.6 The process of decision-making

The transfer of information between sales person and customer allows each participant in the sales process to receive, interpret, understand and add the information to their already acquired level of knowledge about the subject. Further questions could be asked to gain clarity or to confirm understanding of specific concepts as explained above.

This addition of information to the already available pool in the customer's or sales person's worldview, may reach a point which each individual could consider sufficient to make a decision whether to buy or sell. At this stage each person may decide:

- not to continue with the acquisition of any additional information
- to terminate the conversation
- to terminate the sale
- to purchase or sell
- to bargain for a better deal
- to postpone the decision till a later stage
- to change the subject of discussion
- to provide more information to the other person for further clarification.

The level at which the above decision-making points are reached, can differ from person to person as it depends on the a priori knowledge of each individual, and neither individual knows when this level is reached within the other's mind. Successful sales people need to be aware of and sensitive to this fact so that they can adjust their selling strategy when they observe that the customer has reached this critical level. The interpretation and evaluation of the information supplied is a continuous process, and as there could be a lag between the decision stage reached by one person compared to when the other does, further unwanted information may cause the recipient to change his or her mind.

Root definition 6

Definition: A system whereby a person, when he or she has evaluated the information supplied, can decide to buy, sell or terminate the sales conversation.

Purpose	To reach that level of understanding at which a decision can be made to buy, sell or terminate
Customers	Sales person and customer
Actors	Sales person, customer and organisation (supply of information) compare with lifeworld
Transformation	Information received → critical level of evaluation reached
MOP	Informed decisions are made
Worldview	Decisions are based on individuals' worldviews
Owners	Sales person, organisation, customer, legislators (protection)
Environmental constraints	Correctness of information, financial means, legislation, media of communication, social pressures, value perceptions

In Chapter 7 the principles of philosophy related to the acts of choice and decision-making were investigated for application in the sales interview. As indicated in conceptual model 10.5 above in the explanation of the role of language, it was found that language is the medium for the transfer of information from advisor to customer and vice versa. The information supplied is interpreted and meaning and understanding is created to form a belief. This new understanding or existing meaning (if it is not new information) is compared with the a priori knowledge in a person's lifeworld and evaluated (judged) with the values, norms and standards in the lifeworld.

Decisions are actions and are based on our concepts and beliefs which serve as guides for action. Human decisions are always coloured by emotions and can be based on positive or negative experiences, popularity or social pressure. When sufficient information is supplied, understanding is reached and evaluation and emotions have added to the beliefs, the customer or sales person can choose to take action or withhold their decision to request more information.

The freedom to make this choice must be present in the sales interview otherwise the success of the sales act may be jeopardised. Freedom represents a form of power and if it is taken away or not allowed to be exercised, the customer may rate the interview as a very bad experience. By empowering the customer through freedom and not being prescriptive, the sales person may achieve a successful sale.

The act of decision-making signals the finalising and conclusion of the sale although further information for clarification may be requested. The advisor may also use this opportunity to change the subject to another product or service to sell or concentrate on after-sales service. The customer's level of satisfaction of the sales conversation can depend on numerous influences among which can be the freedom allowed, number of options provided, quality of information supplied and value received. The conceptual model to explain the sequence of this process is provided in Figure 10.6 below:

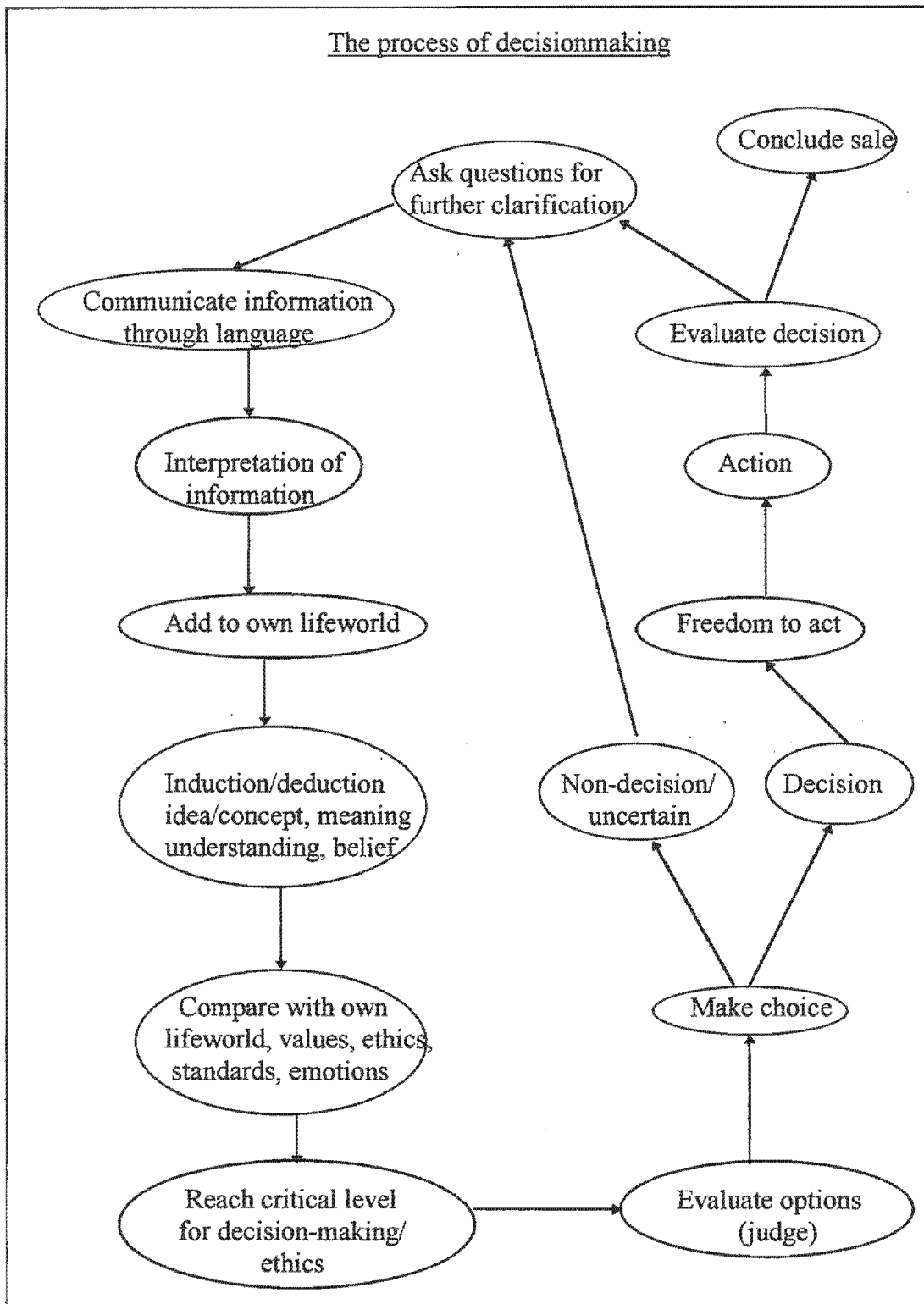


Fig. 10.6

When this critical level of knowledge is reached in either the advisor's or the customer's individual lifeworld, he or she may make a decision which could end the conversation or they can request additional information which can allow the process of questions and answers to continue. Customers can reach this level and then decide not to communicate their decision but let the conversation continue to acquire more knowledge which may not influence their decision they have taken.

Perceptions of reality

Efficient selling is measured by the time required and ability of the customer to make a decision. The effects of different lifeworlds create a challenge for sales people which they need to assess within a limited period of time to establish what information the customer requires, how much information is required, what his or her current level of understanding is and whether they are providing the relevant information which the customer is really interested in. Customers complain that financial advisors make decisions for them instead of providing sufficient information in order for them to decide for themselves.

As the making of a decision is a crucial objective of the sales act, advisors need to focus on the sharing of knowledge and information to reach the critical level at which customers decide. Advisors are blamed for providing too much information which confuses customers and reduce the probability of a quality decision. This creates the perception that they just want to sell as many products as possible which jeopardises the position of trust which need to exist. Customers believe that when they know enough to perceive value, they will exercise their choice and make a decision.

10.2.3.7 The role of power and ethics

In Chapter 8 Foucault, in the discussion by McGowan (1991, p129) stated that knowledge is power and power determines knowledge and therefore also the subject for discussion.

Power, through conversation creates the field of knowledge about the subject to be discussed. Power and knowledge therefore directly imply one another.

The exercise of power over another person, in a sort of open strategic game, where things could be reversed is not evil. In the sales process the customer may feel intimidated by the knowledge the sales person has of the product or service and as knowledge implies power, customers may react in a way where they feel inferior or a sense of resistance to the power of the sales person.

This can cause the failure of the sale unless the sales person is aware of the potential dangers of power over another and knows how to transfer knowledge and therefore power to the customer. This transformative power can eliminate the dangers of 'power over', but can also empower the customer to make decisions to buy or decline in a more confident way. When person A transfers power to person B it is known as transformative power, a process controlled by A and is associated with knowledge.

Root definition 7

Definition: A system to empower the customer to make his or her own decisions, through the transfer of knowledge about a specific subject.

Purpose	Empowerment of the customer
Customers	Customer
Actors	Sales person
Transformation	Information supplied by sales person $\xrightarrow{\text{sales conversation}}$ Empowerment of customer
MOP	Customer empowered to make decisions
Worldview	Knowledge is power and abuse creates resistance
Owners	Manufacturers, suppliers of knowledge, organisation, sales person
Environmental constraints	Information supplied by the company, democratic society, consumer protection by government and consumer lobbies

The philosophies of power and ethics were discussed in Chapters 8 and 9. The knowledge about a specific subject between two people is seldom equal. This implies a knowledge differential which again constitutes a power differential. The person with the most knowledge about the subject has the position of power. This 'power over' another can create resistance, resentment or feelings of inferiority in the subordinate which can influence the purchase decision. Knowledgeable people represent expert power and the organisations they represent, legitimate power which is intimidating for many customers.

Abuse of power is viewed as unethical and not conducive to efficiency and productivity in selling. By transferring information to the customer, the sales person actively decreases the knowledge differential and thereby the power differential between the two. This is not only a form of minimising power but also empowers the customer to make the decisions he or she is comfortable with. The amount of additional information requested and supplied will indicate the extent to which the customer has been empowered. To accept information and so become empowered, the customer must trust the sales person in relation to the subject under discussion.

Customers can compare information transferred during the sales conversation to their own norms and standards and if they perceive value, it can provide the motivation for the customer to purchase the product. If the customer and sales person have different perceptions of value it may lead to conflict. The financial services industry is ruled by its own moral code and customers expect to recognise these values through the language advisors use, when they interact with their bank. The conceptual model for the empowerment of customers by sales people are provided in Figure 10.7.

The empowerment of the customer in the sales process

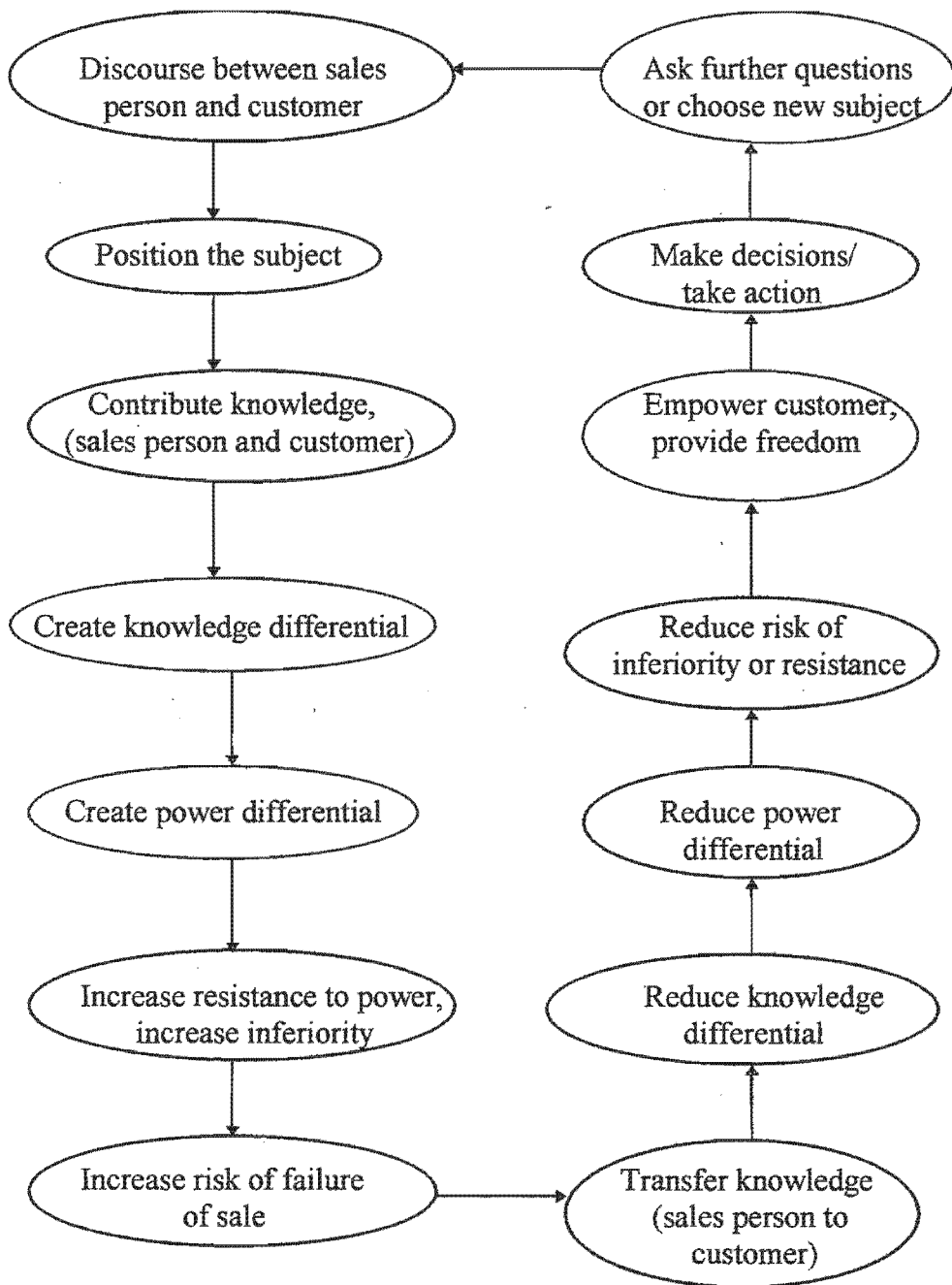


Fig. 10.7

The reduction in the power differential created through the transfer of knowledge can add to:

- the customer's freedom and ability to make a decision
- decisions are made in the customer's interests
- the sales conversation can continue if necessary and
- the probability for a long-term relationship is improved.

Perceptions of reality

Customers feel at a disadvantage because of their limited knowledge which makes customers feel inferior and create feelings of resistance. Where customers have experienced such expert power, they are under the impression they have been manipulated in accepting advice which may not be in their best interest.

Customers experience legitimate power when advisors hides behind the organisation they represent and so try to justify fees, quality of service and their unwillingness to assist.

Very few customers spoken to, have experienced transformative power although knowledge has been provided which has improved their ability to make decisions.

Training courses provided by financial institutions to their sales staff do not cover power and its role in the empowerment of customers to enhance sales efficiency. Complaints are often received from customers who state that they have been threatened or manipulated to accept what the sales person has offered them. This indicates a total lack of understanding of the value of the customer and therefore abuse of the positions of expert and legitimate power in a free society. Customers question the ethics of their bank which provide for a poor start to a sales interview as it indicates that they may not receive the value they are entitled to.

The seven conceptual models can now be combined in Figure 10.8 to reflect the phases of the process dynamics of the sales interview.

The Overall Process of the Sales Interview

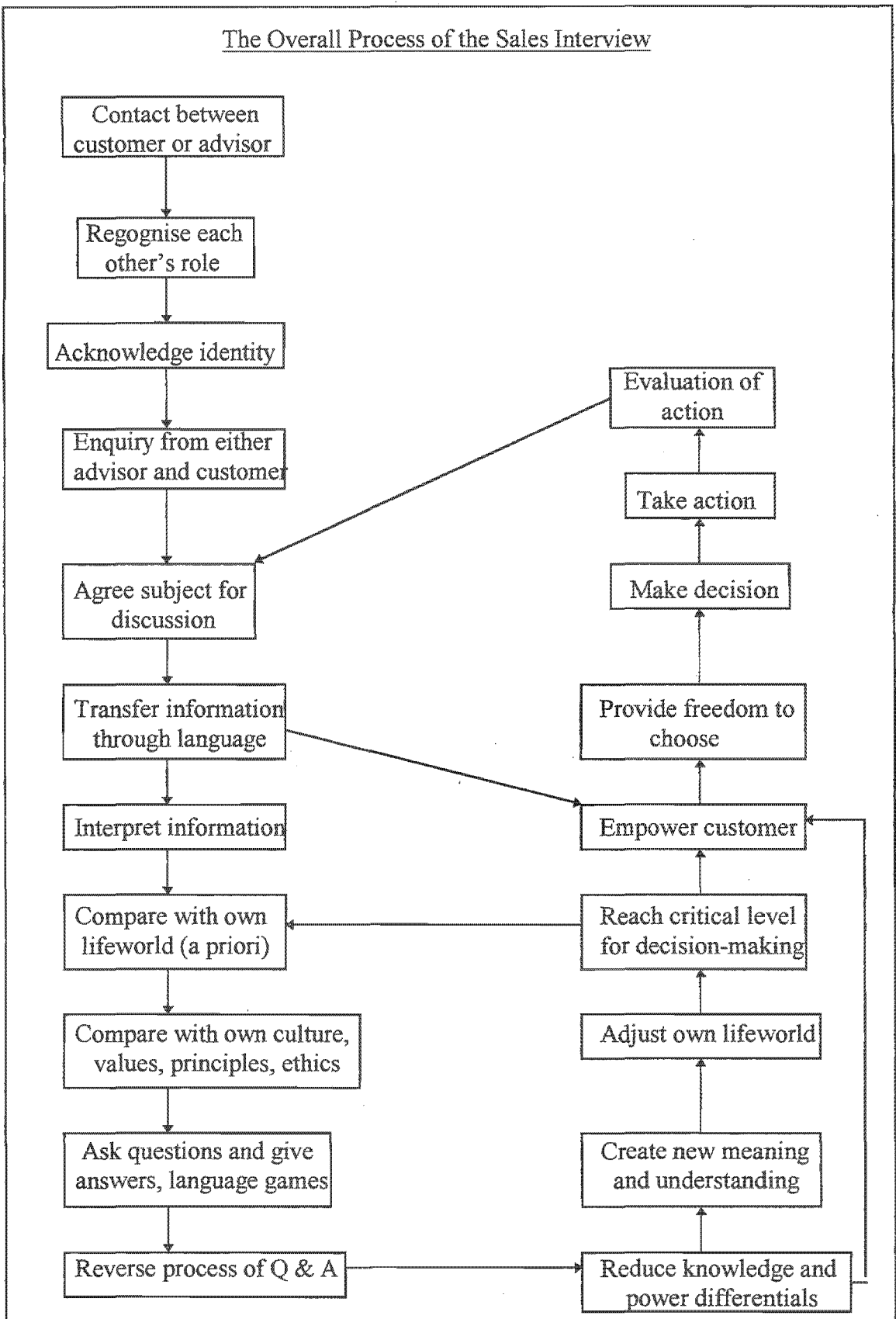


Figure 10.8

10.2.4 Stage 6 - Suggesting feasible and desirable changes

At this stage the conceptual models of the root definitions need to be applied to the main problem assumptions of Table 10.2 to establish whether their use in the sales interview will prevent or solve the problems identified. The problem assumptions of customers are compared with the relevant conceptual models in Table 10.4 and those of financial advisors in Table 10.5 below:

Table 10.4 Solutions of the main problem assumptions of customers (C)

Assumed problems	Conceptual models	Solved
C are only sources of revenue	10.1 and 10.5	Yes
C need more information about finance explained in ordinary language	10.4	Yes
C have their own lifestyles outside their banking relationship	10.3	Yes
C feel threatened by the power of A	10.7	Yes
A assume they have the right to ask any questions (no respect for privacy)	10.2	Yes

Table 10.5 Conceptual models applied to the main problem assumptions of advisors (A)

Assumed problems	Conceptual models	Solved
C do not understand their own problems	10.3 and 10.5	Yes
C don't know the solutions to their problems	10.4 and 10.5	Yes
A know what is best for C	10.1 and 10.2	Yes
Time is money	10.4, 10.5 and 10.6	Yes
A's main objective is to get C to accept the A's proposed solutions	10.3 and 10.4	Yes

It can be concluded from the above exercise that the conceptual models constructed from the philosophy principles in Chapters 3-9 (summarised in Table 10.1) can be utilised successfully to solve the main problem assumptions of both customers and financial advisors identified in Table 10.2. When these models are applied to the rest of the problem assumptions in Table 10.3, the reader will find that they can also be resolved.

After the comparison of the conceptual models with the perceptions of reality, culturally feasible and systemically desirable changes are suggested which can improve the current perceived poor service customers receive from their banks. Checkland, (1988, p180) mentions three possible changes that can be made namely:

- i.) structural changes,
- ii.) procedural changes and
- iii.) changes in attitude.

The simplistic intervention of a customer with a financial advisor does not leave much room for structural changes even at organisational level and therefore this category of change is not considered in the recommendations.

a) Recommended changes in procedures

Ideally, customers' opinions ought to be sought before any changes are implemented. The implementation of procedures presents two main challenges. Firstly, the buy-in of management to accept and implement the suggestions and secondly to design training courses with the relevant information to provide the knowledge, skills and change in attitude. The buy-in of management which has the dominant culture, must involve the following procedures:

- explain overall process dynamics of the sales conversation to them
- get management to understand this and get their buy-in

- reassess the values and benefits for the organisation and customers
- adjust advisors' priorities, targets and objectives
- get management to agree to the implementation of the principles and concepts
- commission training courses and schedule training
- identify candidates to be trained including management
- formulate controls and measures of performance
- decide on the profiles for recruitment and staff selection.

After management has agreed to accept the above recommendations, the objectives for financial advisors must be formulated. The comparison between the conceptual models and reality clearly indicate that advisors need to improve their skills in:

- recognising the rights of each customer at the beginning of the interview
- changing subjects only with the customer's agreement
- the complex process of discourse and the role of language
- language and language games as the vehicle for the transfer of information
- the creation of knowledge and shared understanding about each other's requirements
- the techniques of questioning and answering for clarification
- how to listen for clues and which information is required
- to provide customers with enough information to make decisions
- understanding the concepts of lifeworlds and how it affects values, standards, lifestyles and decisions
- not to decide for customers but give them the freedom to do so for themselves
- the importance of ethics as a branch of knowledge, action and systems
- understanding the dangers and benefits of power and how to use it correctly
- the value of transformative power.

Controls and regular assessment of their proficiency of each concept together with the practising to handle problem areas can improve the skills of the advisor because the

systems model is a learning system which provides for improvement in every aspect. Training modules can be designed directly from each of the 7 conceptual models and the overall model of Figure 10.8. From these models the links between the elements explain its operation and add meaning to the functioning of the sub-system.

b) Recommended changes in attitudes

This category will be a challenge to change perceptions (Weltanschauung) and methods of sales people who have been operating in their specific ways for a number of years. The following changes are recommended:

- changes in behaviour over time
- acknowledgement of the importance of the customer
- the importance of recognition
- the granting of identity and the right to enquire to the customer
- understanding of the role of subjects to be discussed
- adjusting to the customer's vocabulary and avoid complex terminology
- language as the vehicle for the transfer of information
- discourse is a two-way act
- it is more important to listen than to talk in order to interpret the customers needs
- the difference in levels of knowledge about the subject
- the danger of power this difference can create
- permitting customers to ask questions and to provide answers
- permitting customers the freedom to make their own decisions
- focusing on the value for the customer for long-term relationships
- management of the sales interview within the holistic process dynamics as explained above.

Many of the changes can be implemented in a short period of time especially if training is supported by role play methodology. This will allow personal practice in the concepts which may initially prove to be difficult to change. A programme by which advisors are sensitised to the above changes, because cultural feasibility dominates that of systemic desirability, (Flood and Jackson, 1991, p190) must precede the actual training courses. The penetrating question 'what does it have to do with the customer?' can be very beneficial to make advisors think and assist with the sensitising. Encouragement to change can be provided from the feedback from customers and the reward of satisfying their needs. Customers' involvement is essential to balance the dominant culture of management and to prevent the coercion of advisors. (Checkland, 1985, p822) The control element in the system is the customer.

10.2.5 Stage 7 - Action

Although the procedures suggested by the conceptual models (and the combined model of Figure 10.8) provided solutions to the indicated problem assumptions of customers and advisors, the benefits of these models can only be evaluated properly on a large scale in practice. Due to the philosophy approach a number of projects will have to be conducted to confirm the feasibility of using SSM in this way. To test the feasibility of the models and to provide the author with insight into potential problems with implementation, a small scale experiment was conducted in the author's Bank. The details of this experiment and the results obtained are discussed in Appendix B and indicate the potential benefits when the above knowledge is applied in practice.

Looking at the future and the objectives of this study it is envisaged that an acceptable conclusion will be achieved when:

1. The beneficiaries of a sales system are seen as the customers in the first place, because without them there can be no business, but also financial advisors who make a living from the industry and the organizations who benefit from improved sales and customer retention.

2. The purpose of the system should be to create an understanding of the principles of the process dynamics of the sales system through which sales people can improve its efficiency by guiding the conversation with the objective of transferring knowledge and so empower customers to make informed decisions.

3. In terms of the purpose of the system and the objectives of this study, the following measures of performance can be suggested:

- number of products held per customer
- number of products sold per interview
- correct products sold as per the customer's needs (value)
- value of sales per customer
- value of sales per sales person
- repeat sales to same customer
- referrals of non-clients from satisfied customers
- number of satisfied and unsatisfied customers
- compliments and complaints per sales person
- average duration of interviews per advisor.

4. To establish whether the sales act was successful, feedback from the customers should be obtained through after-sales telephone calls, completion of evaluation forms and focus group meetings.

5. Decisions to change the nature of service delivery should be made by customers, sales people and management together on an integrated, consultative basis.

6. Possible constraints to the success of the system could be ineffective discourse, the use of complex financial terminology, the role of power, lack of mutual trust (ethics),

insufficient needs assessment, perceived value provided, lack of understanding cultural influences, insufficient information transferred and the constraint of freedom to decide.

7. After the understanding of the principles of the system in its most basic form have been created, there is not much which cannot be changed by the decision makers. They control the process as it unfolds and can terminate it individually or by joint agreement at any stage.

8. Both advisors and customers as well as suppliers and the organisation should be involved in the design of the system in which selling takes place. Government and consumer protection bodies should ratify the protection of the rights of customers and sales people.

9. Implementation of the solution can take place through sufficient training of sales people until the principles and process dynamics are fully understood, (which must include role play exercises) followed by the utilisation of the methodology in action in sales interviews.

10. The monitoring of the results of this implementation is essential as customers may have their own individual standards and value systems. Failures may not only result in lost sales but also in lost customers, which require monitoring by management in the beginning and intermittently at later stages of the process. Unbiased, neutral assessment by consultants can also be implemented for example, by acting as a mystery shopper.

Implicit and explicit functions being fulfilled by the sales act are revenue generation for the organizations, remuneration for sales people, access to finance and returns on investments as well as convenience of debit payments and cash for customers and a stable economy for government.

11. Conclusion

11.1 History of the problem

Research of the philosophy relative to the communication of one individual with another, as far back as Kant, Hume, Locke, Hegel and others, up to the recent comments of Rorty, Habermas and Bernstein, provides invaluable contributions towards segments of this process of discourse and their understanding of the principles it should contain.

The postmodernist views have alerted us to potential dangers for communication in face-to-face situations in the future, which may require a heterogenic society where individual identity and the 'self's' power to act autonomously can be highly valued, while it still forms parts of the whole of society. The obsession with integrity is reflected in the discussion of ethics and has surfaced almost without fail in the numerous comments received from customers.

Equally important in selling is the philosophy of pragmatism which distinguishes between ends and ideals. It believes action is oriented towards objectives, aims and desires which processes are critical to enquiry. The sales act shares these objectives from the perspective of both buyers and sellers but the process applied by financial advisors, according to customers, does not reflect this understanding. Pragmatism understands truth as a function of usefulness which might explain advisors' belief that if a product suggested by themselves solves a problem for their customer, that product is the most suitable solution even if it does not take into account the rest of the customer's needs.

Many philosophers such as Marx, Habermas, Lyotard and Foucault have concentrated on the importance of man's rights and identity in the relationship with his or her fellow human beings which indicates that the problems currently experienced have existed for many years. The large amount of material on discourse and the application of language

indicates the importance of these principles in the understanding of this crucial act in the art of selling.

The confusing vocabulary of financial terminology and financial advisors' inability to clearly explain the principles of the products and services for their customers, confirm the role of language as the medium through which meaning and understanding are to be created. Language plays a crucial role in assisting with the interpretation of comments by both buyer and seller which is currently a problem as many customers complain that their bank does not understand their needs.

The particular dangers inherent in the abuse of a position of power have drawn attention to the fact that people have forever been exposed to such abuse and to the possibility of how easily such a situation can develop if either individual is not aware of its dynamics in the sales conversation. Expert, referent and legitimate power in particular carry potential risk in an industry where customers want to borrow funds or need advice on the best returns for their investments. The absence of transformative power in sales interviews indicate a lack of understanding of the value of empowering customers through the transfer of knowledge, which adds to the dissatisfaction customers are currently expressing.

The general response from customers of the financial services industries in South Africa and the USA provide conclusive evidence that they are dissatisfied with the quality of service they are receiving from their financial advisors. Their perceptions are that they are 'just a number' and are therefore not entitled to a professional service which can assist them with the convenience and wealth creation they require.

11.2 Interpretation of the research findings

At this stage we need to consider whether all the objectives as specified in Chapter 1.2 were achieved and what the findings are in terms of these objectives. The findings of the study are summarised below:

- i.) The sales conversation between a financial advisor and a customer has a specific structure with clearly defined phases which can be managed by the advisor to improve the possibility of a successful sale
- ii.) Some of the phases are present at specific stages of the interview, while the others are present throughout the whole interview (see Table 11.1 below)
- iii.) The importance of the phases and their function during the interview were identified from the relevant principles and beliefs of the philosophers which were investigated (Table 10.1)
- iv.) These principles and beliefs provided an insight into the dynamics of discourse between two people which was not previously considered relevant in the sales conversation
- v.) The principles carry potential benefits and dangers which explain for the first time some of the successes and failures advisors experience on a daily basis
- vi.) The sales interview has different pragmatic objectives for the customer and the advisor
- vii.) The sales interview is a human activity system consisting of two people who are interacting for a short period of time and thereafter they go their separate ways
- viii.) Theory from philosophical investigations as compared to empirical data normally obtained from participants in a system, can be utilised in a new creative way to build conceptual models for use in practice
- ix.) The conceptual models represent phases in the interview which, according to Lewis's conceptual pragmatism, have specific functions to achieve desired outcomes
- x.) The conceptual models represent processes which can be present in sales interviews and they can be used to solve or prevent problems currently being

experienced by customers and advisors

- xi.) Problem assumptions from customers and advisors can be tested against these models to establish whether their application would prevent the indicated problems
- xii.) The seven conceptual models (10.1 to 10.7) cover the phases present in the sales interview according to the philosophies consulted, and are combined to form the holistic picture (model 10.8) of the complete process dynamics of the sales interview
- xiii.) The understanding provided by the complete model and the seven conceptual models can assist financial advisors to conduct their sale interviews in a more efficient, successful and satisfying manner to the benefit of their customers, themselves and the industry
- xiv.) The models can be used as training aids for financial advisors and can be considered to assist with customer communication by other sales, service, marketing and managerial staff who have regular customer contact
- xv.) The use of SSM in this study presented specific challenges and its application in this format must now be reviewed:

Theory vs. Empirical study

The traditional observations and contributions of participants in SSM studies were replaced by the specific principles from selected philosophers on the topics which have relevance in human discourse. The learning process which is associated with SSM was substituted by the philosophers' thinking about relevant concepts. The methodology of Strategic Assumption Surfacing and Testing (SAST) was applied according to Churchman's comment that; 'The systems approach begins when first you see the world through the eyes of another.' (Flood and Jackson, 1991, p121) In this case the concept 'through the eyes' of the philosophers were used with SAST to generate lists of problem assumptions which could apply to customers and to advisors. (Tables 10.2 and 10.3)

'Monological' format

The classic approach of SSM requires contributions from many of the involved people in the system to build a picture of the assumed problem situations and to assist

with the learning process of SSM. This process was replaced by the contributions of the philosophers who are viewed as if they have 'participated' in the sales conversation, albeit in a monological format. Although this method can restrict the learning process of SSM, the philosophers' principles and beliefs are viewed as already of a high calibre which can form the basis for further learning by the involved people when the sales interview model is applied in practice.

Restricted participation

The restricted participation by the philosophers followed in this study are considered to be justified because of the valuable insight and understanding they provided towards the building of the conceptual models. The second series of focus group meetings (Appendix A) confirmed the relevance and value of the conceptual models when their principles were tested on a small scale.

During the course of this study a new trend emerged in the FSI. It was found that some financial advisors, of particularly the life assurance companies, elected to become independant advisors. This gives them the opportunity to sell a range of the best available products from a variety of companies for which they have become licensed. In this capacity they function completely on their own and no group learning or group participation takes place. Their only training consists of product knowledge courses which are supplied by the various companies.

The same trend is also emerging in banking where independent sales consultants are beginning to source home loans for a number of banks. The move towards independent status seems to be encouraged when financial institutions provide direct access to their products through their Internet websites. This trend has been well received by customers because they now have access to a variety of products through one advisor. When dealing with a number of companies, regular feedback from customers will be restricted which can increase the need for the sales interview models developed in this study to function as training aids.

The transfer of knowledge

SSM requires that knowledge is transferred to participants during its learning cycle. In this study knowledge was transferred to the author and the models which transpired have value when they are used to create new knowledge and understanding for advisors. The main purpose of the sales interview was also identified as the transfer of knowledge between customers and advisors to create shared understanding and to assist towards the process of decision-making.

Power and SSM

The concern with power in SSM is that it can prevent participants in a study to freely make contributions about all matters which are relevant to the problem. Through the philosophy it became clear that power is always present in one form or another when two or more individuals communicate. The monological nature of this study did not provide for managers or people in positions of power to restrict the comments from other individuals and as such supported the use of SSM.

The philosophers' views however, played a valuable role in identifying the fact that the transfer of knowledge between the customer and the advisor can reduce the knowledge differential and therefore the power differential during the interview. The empowerment of customers through the transfer of knowledge in order for them to make informed decisions has been a major contribution of the philosophy.

Ethics

The presence of negative ethical motives can also have a detrimental impact on the traditional use of SSM because some of the participants may not be honest in their contributions, while others who are aware of this, may lose interest in the project and withdraw.

From the philosophy the subject of ethics was identified as one of the crucial phases to build trust, long-term relationships and successful selling. SSM illuminated the necessity to provide for the inclusion of ethics as a concept in the interview system which

