

Ask the Coach

Nick Ray, CLU, RHU, ChFC, MBC, Business Coach



Discovery – Then Persuasion

A New Paradigm for the Contemporary Advisor

PART 2

Marketing: The Other Part of the Selling Process

In Part I, we discovered that the selling process is well defined, has a definite step by step process to follow, and has excellent feedback mechanisms in place to tell you if you are on track to make a sale.

Marketing, which can be defined as a process where you tell your story over and over, to the right people, in the right way, at the right time is often very different from the sales process. Most advisors describe marketing which includes prospecting by using these descriptions:

- An often unformed process
- A process which has no specific objectives
- A process with no track to run on
- Providing referrals provides no obvious advantage to the referrer
- Prospecting can be emotionally dangerous for the advisor, and for the referrer as well
- Difficult (Whoever said prospecting was easy?)

When we look at these descriptions, it's not surprising that advisors find their marketing and prospecting efforts yield uneven results, and often result in a low level of continuous anxiety. The biggest dilemma for most advisors is a lack of high quality prospects to talk to. Thus, advisors hold onto bad prospects, busy themselves with paper work and often feel frustrated by their inability to build the kind of practice they'd like to have.

Nick Murray, the outstanding columnist for *Financial Advisor Magazine*, said it best. “95% of all advisor problems would go away if they just had enough people to talk to.”

There are 3 well established sources most advisors rely on to find new prospects, and one new method which has the capacity to completely change, and dramatically improve your marketing and prospecting efforts.

The 3 traditional methods are:

1. Cold calling
2. Referrals from customers and clients
3. Referrals from Centers of Influence

The new method is:

4. Referrals from Centers of Influence and Centers of Service in conjunction with the development of specialized networks

Here’s a chart which summarizes the 4 methods available and the characteristics of each method:

4 Prospecting Methods Compared

	Method	Initial Effort	Maintenance	Conversion Rate	Profit Levels	Burn-Out Rate	Number of Referrals	Strength of Referral	Advocacy Leverage	Nature of the Relationship
1	Cold Calls	High	High	Low	Varies	High	Low	Low	Low	Weak
2	Referrals from Clients	High	High	Low	Varies	Mod-High	Varies	Varies	Varies	Social
3	Referrals from COI	High	Moderate	Moderate	Mod-High	Moderate	Varies	Low-Mod	Varies	Soc-Prof
4	Referrals from COI/COS	High	Low	High	High	Low	High	High	High	Prof

You’ll notice each method has high initial effort. It’s what happens next that significant differences exist. No matter which method you use, there are basic requirements that must be met to achieve marketing success:

1. You must make a commitment to use a system and make it a regular part of your selling process. True professionals do not leave the development of their business to inconsistent marketing efforts.
2. You must have a very good idea of who you are looking for. The often overused term “ideal client” can be used here; this term has two components:
 - Component #1: Who do you want to work with? What are the demographic and psychographic characteristics of your ideal client?
 - Component #2: Of even greater importance: the need to identify the key characteristics of clients who have chosen you. A radical but critical concept is that your ideal clients are ones who have chosen you. Think about this: if you don’t sell everyone you talk to (and nobody does) then the people you do sell must have chosen you. After all, you are willing to sell to almost anyone you talk to; yet it certainly doesn’t always work the other way around.

Key Point: Identify your best clients and work to clone them, by asking for referrals from your best clients. Most referrals are lateral; asking for referrals from ideal clients is the best way to reach new ideal clients.

I do not recommend Cold Calling, which is why it is not otherwise mentioned.

Method #2: Obtaining Referrals from Clients

1. Capture names from your Fact Finder of people important to your client. These names are then included in the referral file to be used to start a referral discussion. Obtaining referrals from clients is the most typical method advisors use to obtain new leads; if this type of prospecting is done regularly you will have a continuous stream of referrals.

A key question I’m asked is: When do I ask for referrals?

A: After you have provided something of value to your client or prospect. This typically occurs after a sale is made. It could also happen after you’ve provided a valuable service of some kind such as technical support or a referral to another advisor.

Key Point: When you have earned the respect of your customer you can then begin the referral process, because you are now referable. When you have a referral discussion, you must be prepared. I recommend that you:

- Have a file with the client's name on it
- Have a referral log available, to record referrals
- Have names to feed your referrer. This is one key to effective prospecting. Then use the 3-step process described below.

2. The three step referral process:

- Ask for feedback from your client as to their opinion of your products and services. (You'll generally receive favorable feedback.)
- Affirm the positive response from the client and then transition by saying: *I'd like to serve your friends and clients just as I've served you.* (This is about the client helping their friends/associates, not about you or your needs.)
- Ask to have a referral discussion with your client and then feed them names of potential prospects. (This is also known as 'Priming the pump'.)

3. Contact referrals, and also let referrer know what happened with each referral.

Key Point: Treat the referral discussion with the same degree of planning you'd use to make a sale. By feeding captured names to your referrers, you've made it easier to receive referrals, because you've done most of the work.

Method #3: Referrals from Centers of Influence

1. Identify your ideal Center of Influence by finding people who:

- Are working with your type of ideal clients
- Are working with clients in your specific market
- You like and with whom you have good chemistry
- Will meet with you on a quarterly basis
- Will give referrals to advisors
- Will agree to give you at least 1 lead in the next 12 months

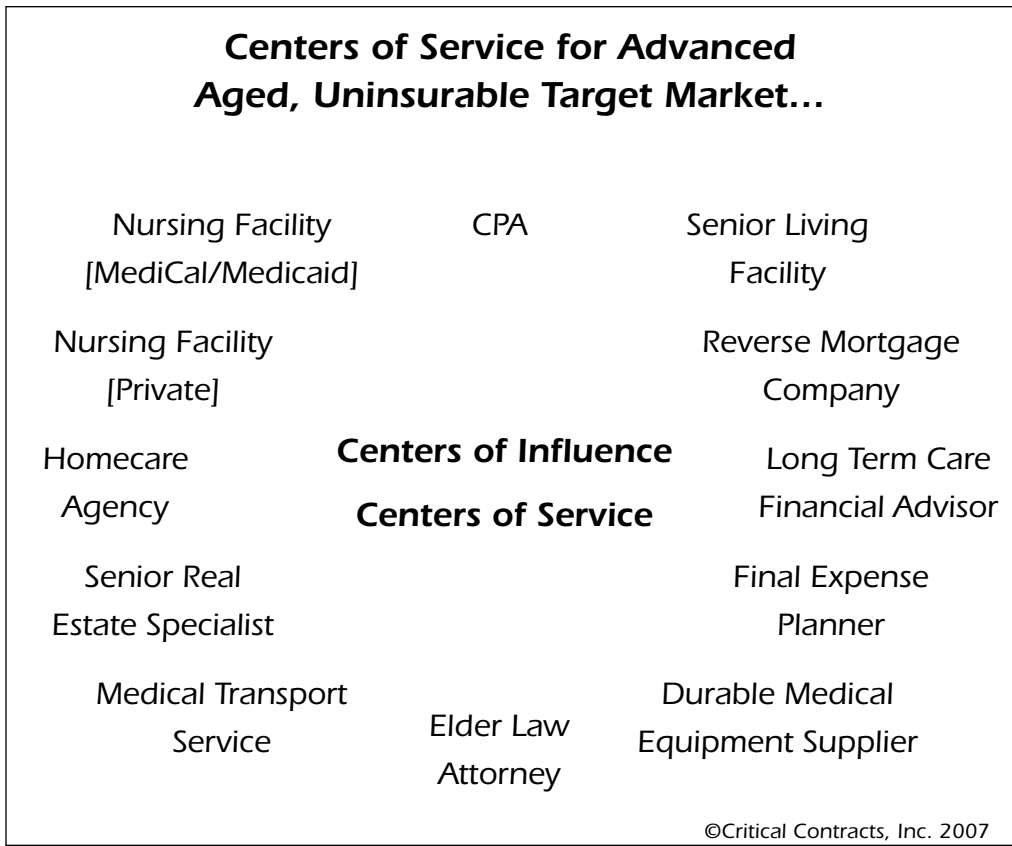
2. Meet with your Center of Influence on quarterly basis.
3. Provide something of value to your Center of Influence at each meeting. This could be a referral to a potential client, a useful article, or some kind of technical assistance.
4. Obtain verbal agreement about what each of you will do in the next 12 months. Ask for at least 1 referral in the next 12 months; make this part of your contract.
5. Record results and thank referror for any introductions provided.

Key Point: Developing a Center of Influence relationship may take 12 to 18 months. Be persistent, but also make sure that it's a two-way street. If the new Center of Influence doesn't produce a lead(s), within 12 months, terminate the relationship. A good center of influence relationship is a 2-way street.

Method #4: Referrals from Centers of Influence/Centers of Service

1. Identify your "A" clients.
2. Identify their demographic and psychographic characteristics by completing an invisible market matrix.
3. Discover where people with their special interests hang out (hang outs and watering holes).
4. Then determine if special interest groups meet monthly at their hangouts or watering holes. Discover if these groups have enough attendees to make your attendance worthwhile. Discover whether you can be an associate member, volunteer, speak at their meeting, and provide articles for their publication. (If the group meets at least 3 of these criteria, consider joining.)
5. If appropriate, join, volunteer, write and speak to special interest groups. You must attend all meetings.
6. Never sell at these meetings. The attitude required: you are there to serve. Regular attendance and service to the group will generate future leads, but only after you've demonstrated your commitment to serving the group. Caveat: never join a group in which you have no interest.

7. If you wish to develop an effective network, you must then discover who serves the special needs of the group's members. They may be Centers of Influence (directly serving special needs) or Centers of Service. Centers of Service are not necessarily influential but they are important because they serve ancillary needs of group members. Your goal is to develop a model network, which has 8 to 12 members, some of whom are Centers of Influence, and some are Centers of Service.
8. Meet individually with your network of Centers of Influence and Centers of Service on a quarterly basis. See graphic below.



Nick Ray, CLU RHU ChFC MBC is a business coach dedicated to helping his clients clarify and achieve their goals. A certified provider of the One Page Business Plan, he also provides assessments and coaching services to dedicated financial service professionals. A complimentary coaching session is available. Contact him at 510-898-3245 or E-mail at nick@coachnickray.com. Website: www.coachnickray.com