

WHITE PAPER

How to Win Business in Any Economic Climate

Six Practical Marketing Principles for Independent Financial Advisors

Recent economic upheavals and financial scandals have made it harder for financial advisors to win new business. For investors, choosing an advisor comes down to trust. Building trust always requires time and effort, but now the process is even more difficult.

The good news is that financial advisors who focus on building supportive relationships with prospective clients will be able to prosper, even during challenging economic times. Investors will choose to work with advisors they trust, regardless of market conditions.

On the other hand, advisors who concentrate primarily on getting quick sales and growing their own businesses will suffer. Times have changed, and firms that close their minds to these new realities risk closing their doors.

Six Principles for Building Your Business

Because my firm specializes in helping financial institutions and independent financial advisors achieve their growth potential, I'm aware of the marketing strategies used by the most successful firms. The key elements of these strategies are presented in the six principles listed below. If you follow them, you and your firm will dramatically increase your success.

Principle # 1: Be willing to invest time in building relationships.

In today's tumultuous economic climate, a one-hour meeting with a potential client is not sufficient to build the level of trust required to foster a mutually beneficial, long-term relationships. The expectations of investors have changed, and the expectations of advisors must change accordingly.

To consistently win new business, advisors need to treat all client interactions as opportunities to foster trust, rather than merely as steps to rush through on the way to closing sales. They must focus on building relationships first, and on building their own businesses second.

The care and patience you exhibit during the sales process will determine how quickly trust is established. Advisors who seek to understand the needs of prospects and deliver custom solutions that meet those needs will succeed. Those who use the sales process primarily to promote their firm and its services will not.

I recently met an advisor who expressed his frustration with his sales efforts. "I've got plenty of prospects," he explained, "but I have a hard time convincing them to work with me."

After a few probing questions, I discovered that his key value proposition was low fees. His pricing structure generated leads, but it didn't permit him to invest the necessary time with prospects to build trust and convince them that he could craft a custom investment program that addressed their goals and matched their risk tolerance.

Another advisor, whom I also met through business, clearly and succinctly explained his approach to managing client assets. I was so impressed that I expressed my interest in potentially becoming a client. During the sales process, it was evident that he wanted to earn my trust. Meetings were a two-way dialogue in which I was encouraged to ask as many questions as possible. His patient, thorough responses to my questions during multiple meetings nurtured a relationship of trust that we enjoy to this day.

Takeaway: Don't rush through the sales process. It's a critical period in which you must invest time to win the confidence of investors.

Principle # 2: Listen more; talk less.

Before you begin pitching your firm and its services, ask prospective clients about their needs, concerns, and goals. Seek to understand before you seek to persuade. By so doing, you will be better able to serve them, and you will establish a level of trust that will inspire them to do business with you.

Below are a few questions you might want to ask at the start of your first face-to-face meeting:

- What are the top three areas of importance to you in an advisory relationship?
- Why are you asking for help now?
- What worked with your past situation? What didn't work?
- What are your concerns about starting a relationship with someone new?
- What are your biggest short-term and long-term fears about your money?
- How have these fears changed in the past year or so?

Takeaway: Ask probing questions. Demonstrate to prospects from the beginning that you're focused on their needs, not yours. Understand their concerns and goals so you can more effectively address them.

Principle # 3: Clearly communicate your investment approach.

Transparency builds trust. While there's a limit to the amount of detail a prospect can absorb, you do need to communicate at least the following:

- Your overall investment philosophy
- Your process for determining asset allocation
- Your process for monitoring macroeconomic changes and market events, and how you use this information to make decisions regarding client portfolios
- Your process for evaluating outside managers
- Your criteria for selecting and changing managers
- Your utilization of and views on a range of investment solutions, including: actively managed funds, indexed solutions, ETFs, separate accounts, and alternative investments
- Your philosophy about the role of international investing in portfolios
- Your approach to managing fixed income

Make sure that the plan you ultimately deliver matches the one you proposed. Investors do not like surprises. Following through on your promises builds trust.

Takeaway: Take time to educate your prospects about your investment approach. Information promotes understanding, which in turn promotes trust. Prospects who understand and feel comfortable with your approach will be more inclined to work with you.

Principle # 4: Explain the most important elements of your service model.

Many advisors fail to adequately describe one of the most important elements of their service model: communication. Take the time to explain how your firm communicates with clients, so your prospects will know what to expect. Then deliver communications as promised, so your clients learn that they can rely on you.

Tell prospects about the important aspects of your communication service, such as the following:

- Frequency and purpose of face-to-face meetings and phone calls
- How your firm stays on top of client needs and concerns
- How you utilize the particular backgrounds and expertise of your team members to support the client experience
- How you provide timely reports and analyses of performance
- How you provide market-outlook and thought-leadership information through white papers, newsletters, and other means

Takeaway: Service is more broadly defined today than in the past. It's all about communication, which has a tremendous impact on the overall client experience you deliver.

Principle # 5: Explain your fiduciary responsibilities and policies.

Tell prospects up front how you protect their confidentiality, resolve conflicts, get paid, and handle other important matters, including how you custody client assets. Including these topics in your pitch book, in addition to discussing them, sends a powerful message that you have their best interests at heart. To further distinguish yourself from the pack, consider giving prospects a separate handout containing frequently asked questions about your code of ethics and your fiduciary policies.

Takeaway: Communicate openly and clearly about fiduciary topics during the sales process to demonstrate your integrity and enhance your credibility.

Principle # 6: Use a multiple-step proposal-review process to close the deal.

To ensure that your sales process builds momentum and concludes positively, schedule the following contacts with your prospect:

- **Prior to sending the proposal**, call to tell your prospect that the proposal is on its way. Briefly explain its key elements so the prospect will know how to review it intelligently. Schedule an initial review meeting or phone call when you will discuss the proposal in detail. Encourage the prospect to develop a set of questions for that scheduled call or meeting.
- **During the initial proposal-review call or meeting**, encourage the prospect to ask all questions and offer all comments that come to mind. This information will allow you to refine your plan and tailor it to fit the prospect's needs. Schedule a follow-up call or meeting with ample time to review your modified proposal in detail.
- **During the follow-up proposal-review meeting**, present a modified plan that demonstrates that you have listened and responded to your prospect's needs. Address all questions and concerns and close the sale.

Takeaway: Recognize that process is important from the opening act all the way through to the final standing ovation. Use a multiple-step review process to build sales momentum and gather the information you need to deliver a custom solution that will convince the prospect to do business with you.

If you're accustomed to sprinting through the sales process, these six principals may seem more like a marathon. To implement them effectively, you will need to slow down and concentrate more on serving than selling.

I suggest that you and your key team members start by examining your current sales process. How does your approach align with your core values and with the principles contained in this article? Review your past practices, taking into account your successes and failures, and agree on what you think will work best for you in the future.

Just as successful long-distance runners must constantly train to win races, successful financial advisors must constantly build trust to win business. The above principles are one proven way to do that.

About the Author

Ani Yessailian is the principal and founder of Excella, a Boston-based firm that provides custom strategic marketing solutions to help financial institutions of all sizes experience breakthrough growth. Excella's clients include leading brokerage firms, asset management firms and independent financial advisors.

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