How to Double Your Revenue and Increase Your Free Time

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I assume most of you in the audience chose to attend this session to hear some ideas on how to double your incomes and increase your free time. Well that’s exactly what you are going to do. Over the last 40 years I have coached many producers who share this goal, and I want you to know that while I do not know you personally, I am pretty sure I know your practices and what has to be done to build a seven-figure and beyond practice.

Doubling your income need not be a complicated process; however, it is not an easy one. In the next hour I am going to lay out a model that you can adopt and implement immediately. But unless you are willing to change the way you invest your time and your dollars, you will find it harder and harder to maintain what you have built, let alone move forward.

With business expenses going up and incomes remaining flat, you must confront three factors that limit your ability to move forward:

1. Personal engagement in too many low-revenue activities
2. The inability to pull the trigger on certain plans that will bring the necessary change to your practice
3. And most importantly, the lack of a consistent marketing effort to your current client base.

I believe this third point to be so important that most of our time today will be spent in this area.

First, let’s talk time and money. One truism is that the $300,000 producer has the same time to spend as the million-dollar producer. The difference is that the top producers have great respect for the cost of their time. Let me explain what I mean. When you engage in a client interview, you are making upwards of $400 per hour. Should you fill out the necessary paperwork to process the sale, you are making closer to $25 an hour. Let’s do some math.

Let’s assign a rate of advisor compensation at $400 per hour and an average rate of staff compensation at $25 per hour. This will approximate a clerical person making $18 per hour with a $7 cost of benefits add-in to get us to our $25. If you are working 70 hours per week, and, let’s say, 25 hours of that time is spent in lower impact activities, the cost to the firm is approximately $9,350 per week. I understand that one may argue with my assumptions, so let’s run the numbers again by lowering the per hour advisor rate to $300 per hour and raising the staff cost to $35 per hour. The weekly waste is $6,625. At any number, the message is clear—having quality staff to whom you can delegate important but low-impact revenue duties is essential for your firm to grow. Delegating these duties lets you spend more time on additional marketing activities, which will lead to more clients and larger revenue.

In building our practice, the most important step is to understand the role of marketing. It is the marketing process that has the most rejection attached to it, so it triggers an emotional response—a distaste for rejection and our fear of failure. This fear of failure causes us to avoid the necessary marketing duties that are most critical to growing our practice. Sometimes our dreams are overpowered by the levels of inner resistance in our minds. Unless we commit to a clear vision and have a strong desire to achieve that vision, we could fail before we start.

Additionally, I understand the financial commitment we all make in building our practices and the pressure it puts on
us to succeed. Top producers embrace this pressure, believe in their abilities, and understand the risk reward calculations that must be made in order to grow. I want to make it clear that systematic under delegation of low-revenue duties drains valuable resources from the firm.

The mind game we play with ourselves goes like this, “I need to find more clients, but I cannot seem to find the time to market for them. I worry about bringing on additional staff expenses until I am able to bring in more revenue.” The task of bringing more revenue to your practice remains an extremely unlikely event unless you begin to systematically buy back your work hours and turn those hours into more revenue-producing or family-friendly activities.

We have just addressed the first obstacle that impedes our ability to grow—being engaged in too many low-revenue impact activities. Let’s look at the second, which is the inability to pull the trigger on your action plans. I understand that changing your successful patterns is not without personal risks and failed attempts. Not wanting to waste our time and our money, we develop a paralysis as we analyze our go-forward options. In other words, we think too much and try to make perfect choices. We forget what all top producers know: Failure is the necessary educator on the path to success. Over the many years we will spend in our careers, failure will help us refine our skills and lead us to the techniques that work. That said, there are concepts and techniques we will cover today that will reduce the learning curve and bring some velocity to the building process.

Let’s take a quick peek at what we are trying to build, and then let’s wrap a marketing plan and staffing formula around it to help get you there. A typical practice would have a minimum of 100 solid clients with total assets, depending on fees charged, somewhere between $100 million and $150 million. Assuming you are an established producer, your goal should be to add one new client per month to your practice. Three or four of these clients should have investable assets of at least $1 million, and none of these clients should have less than $250,000. If these numbers sound a little unrealistic to you, that’s okay. The point is that not everyone should be eligible to join your practice, and you should have specific revenue goals for clients you do add.

Depending on your starting point, it should take between four and eight years to reach the million dollar level. One caveat I need to mention here is today we are speaking to the issue of client acquisition not practice acquisition. Acquiring a practice can greatly accelerate the time frame toward our goal, but truly it is a separate topic.

Today we are focusing on acquiring clients one at a time, so let’s talk marketing. Even a well-established producer must spend a minimum of 25 percent of her or his workweek on this task. Each of you would agree to the need for more affluent clients, but as we’ve already discussed, we all avoid the activities that will help us acquire those clients.

In David H. Maister’s book, Managing the Professional Service Firm, Maister points out five critical steps in the marketing process:
1. Broadcasting
2. Courting
3. Super Pleasing
4. Nurturing
5. Listening

While the advisor need not be hands-on with all five parts, Maister correctly points out that none can be neglected. Let’s break them down.

Broadcasting sends a general message about the firm’s products and services to a wide geographical audience. The goal is to generate contacts. Activities such as publicity in local newspapers, ballroom scale seminars, and advertising are all examples of broadcasting. Once the contact is established, the process of courting begins.

In David Mullen’s first book, The Million-Dollar Financial Services Practice, Mullen points out that the affluent market is desensitized to traditional marketing efforts. So things like direct mail, seminar invitations, and phone solicitations simply do not yield the necessary results. This is precisely why Meister uses the word courting. The term accurately reflects the goal of asking the potential client to enter into a meaningful relationship with firm. It is during this process that the advisor has to detail a strong value proposition for the client.

It is rare that the advisor is introduced to a millionaire client who is not already in a meaningful relationship with another planner. To capture business from that client, your task will be difficult but not impossible. Unless your skill set is unique from that of your competitor (rather unlikely), your technical capabilities will get you in the game, but more than likely will not seal the deal. Your client’s unspoken questions are: Can I trust you? Would I enjoy working with you? Will you still service my account after you get it? These become as important as your capability in handling the account.

The first two steps are very important. Successfully addressing the need that first brought you in contact with each other is critical. But now is not the time to put the
paperwork in a file and look for new clients. Given the choice of marketing for new prospects or marketing to your existing clients, the choice should be easy. Statistics point out that marketing for new clients has the highest failure rate and the lowest return on investments. As you will see, a properly designed marketing effort to existing clients will yield the highest success rate and the highest ROI.

This brings us to the next category: super pleasing our clients. What is super pleasing? Super pleasing is so much more than demonstrating your professional skills. In order to make yourself eligible for additional client purchases, the client must be delighted with every aspect of your operation. Think Ritz Carlton versus Holiday Inn. From check in to check out, the Ritz Carlton provides a concierge experience and, should you choose, can be involved in every aspect of your stay. Whether you are touring the city or asking for dinner recommendations, there is a knowledgeable staff waiting to serve. Compare these experiences and ask yourself, When my present or future clients interact with my staff, do they experience that high level of customer service? A perfect example that all of us can relate to is what happens when calling your broker, your bank, or anyone for whom you have a question. After having explained your problem, the person on the other end of the phone’s answer to you is, “Well, that isn’t really my responsibility. You need to call someone else. Here is the number.” That is not super pleasing. Super pleasing occurs when that person (whose responsibility your problem is not) takes the time to listen to your problem, takes down all the details that are relevant to your problem, communicates with the person whose responsibility it is to solve your problem, and then follows up to ensure you are satisfied.

In order to become eligible for new business we did not initially solicit, we must nurture our clients. Clients expect the most from their most important relationships. Spending time getting to know your clients’ personal needs and interests is of utmost importance. The nurturing process requires a specific business plan that allows the you to spend non-solicitation time with your top clients, their friends, and families.

Anyone here with an American Express card? Have you noticed how American Express keeps track of your spending patterns and solicits you accordingly? The more you know about your clients and their personal interests, the deeper the relationship you will be able to build. Developing a detailed client profile data sheet that is attached to the paperwork on your first sale will prove invaluable to you. The data sheet will allow you, if you do not already, to segment your clients.

Using the data profile, have a marketing major intern at your firm assist in searching A and B plus clients for commonality in lifestyles, careers, or other indicators you choose. Remember, the smaller the market chosen, the deeper the penetration you will be able to achieve. In his book The Secrets of Consulting, Gerald M. Weinberg writes about “The Law of Raspberry Jam” when he states “the wider you spread it, the thinner it gets.” We need to target our efforts with a laser not a shotgun, and lay it on thick.

Our final marketing concept is listening. What your client thinks is important is important. Attempting to solicit future business from your client, without first discussing the importance of the matter with your client, is a recipe for failure. Remember not to tell your client what she or he should be concerned about; instead seek to understand what drives her or his concerns.

I have a concept I would like to introduce that will help your clients better communicate with you and might even get them to help you meet people as successful as they are. What if you were to create a board of directors, five or so of your top clients whose professions allow them to provide insight into your practice? Two of these positions should be filled, if possible, by a CPA and an attorney. This board of directors will act as your sounding board and enable you to have your own private focus group to generate ideas about how to service your clients better, what additional products clients are interested in, and how to meet more people like themselves. One discussion you might have is: Most of my top clients point out that one of my best traits is that I am always available to them. This time to be available to them is spent at the expense of marketing to new clients. How can I continue to meet more people like yourselves without giving up my accessibility?

Let’s put a more practical spin on this. In marketing to the affluent, it would be helpful to know that you are alone in seeking new relationships in this market segment. This creates a number of interesting partnerships for you to share names and costs with. I believe the most underutilized resource in any office is the conference room. Many top producers turn their conference rooms into a constantly revolving door for their clients. Think about the following ideas if hosted by you and cost shared by local merchants who would also be invited to bring their clients.

- Wine or champagne tasting
- Fashion shows
- Travel agents (especially cruise companies)
- Caterers who host parties in residential areas
Computer training
Bible studies

Moving away from your conference room, how about local restaurants who are more than willing to host a low-cost happy hour for neighborhood customers? You could host a scotch and cigar night. The list of events is endless. Every quarter you should have one marketing event aimed at your clients, another at your community, and, finally, one at the professional advisors who serve the same clients you do. The goal is to brand yourself with your clients and ensure people you meet for the first time have heard of you or your firm before you get there.

One way to accomplish branding is through charitable giving. Please understand that you must care about the charities you get involved in. These people can spot phonies a mile away, but if you are sincere about the cause, here are a couple of ideas that will work.

Some of your affluent clients are involved in charitable endeavors. Offer to raise money for that charity by sponsoring some event at the client’s house. You can partner with a local catering company for light hors d’oeuvres and bring a wine merchant for a special wine tasting. The charity handles the invitations, charges a donation, and you share the cost with the marketing partners. I have hosted 50 people at $100 per ticket, raising $5,000 at minimal cost to me.

A moment ago I said you should market yourself to the professionals in your community. One way to do that is to provide continuing education to people like CPAs. This is simply done by applying to the governing bodies of those designations and becoming approved to provide continuing education credits. This idea will allow you to provide a valuable service to the marketplace without trying to sell them something and will broaden your circle of professional contacts.

Look for a few nurturing and pleasing activities that you might blend into your practice. Let’s look at some proven ideas.

January: January is a great month to discuss the big picture with your clients. Everyone is making New Year’s resolutions about different personal things they would like to achieve. January is the perfect time for client reviews that focus on the long term. This is a good time of year for listening.

February: February is “I love my clients” month, and they should believe the best Valentine’s Day card they receive is from you. I know a lot of you have single, divorced, or widowed clients in your book. A lunch or dinner with a Valentine theme, thanking them for their business, will yield lots of referrals. Make sure you tell the invitees to bring a friend. Super pleasing and nurturing.

A word about lunches and dinners: You would be wise to keep the alcohol consumption low. Preorder whatever wine or beer you would want served and offer no hard liquor. It will keep costs down and, more importantly, it will make sure no one leaves your event impaired.

March is retirement season in America. A review of your clients’ IRA plans and the performance of those plans is very important. It would be helpful to remember that most clients have more than one IRA (including some you do not know about). Discussing these plans and the adequacy of their contributions is a must. Courting and listening.

April: CPAs remain a great source of referrals for us. As April is tax season in the States, you will typically find your accountant the last two days before taxes are due in his or her office trying to get those tax returns out the door. How wonderful would it be if some thoughtful financial planner (insert your name) sent a tray of sandwiches over to the firm so members wouldn’t have to interrupt their work? A lot of goodwill could be built up here. Courting and super pleasing.

May and June: The start of spring and a wonderful time for client appreciation events. These events are most often scheduled early evening, mid-week. Don’t be afraid to handpick a client to speak at the event to discuss her or his relationship with you in front of the group. For the record, I do not like product solicitations at these events. Nurturing.

July and August: A great time for a quick breakfast, lunch, or dinner in what I call the “executive summary meeting.” These meetings are very small (six to ten) client gatherings to talk about the relevant topics of the day. For instance, July starts the second half of the year. What a great time to talk to your clients about where the market may be heading over the next six months. As always, tell them they can bring a friend. Courting and nurturing.

One summer event I love is “Take your kids or grandkids to the movies” day. For less than you think, you can rent out an entire theatre, popcorn included, and view the newest children’s movie. What a great family day! Send your guests home with a flyer about your firm’s work in setting up college savings plans. Broadcasting and super pleasing.

September and October: For me these are life insurance months. As the winter approaches and the year winds to an end, it seems an appropriate time to reach to our clients and offer an insurance review. Life insurance companies have
consistently underperformed what they’ve promised and product reviews are a must. This is especially true for trustees of estates as they have a fiduciary responsibility to keep performance at expected levels. September and October are also great months for client appreciation events and executive summary meetings. These months allow all five categories to be in motion.

November and December: These months usually find your clients very busy as they prepare for the holidays, but they also create great opportunities for us. In the United States we celebrate Thanksgiving. It is my favorite holiday of the year. Extended family sits around the dinner table and gives thanks for all the blessings they’ve received that year.

Wouldn’t it be great if you could be there that day with all your clients? Well, you can. One traditional dessert served that day is pumpkin pie. For a cost of $12 to $15 per pie, you could send every client a pie for that day’s dessert. Make sure it comes from the best bakery in your community. The conversation at the table should sound something like this, “Oh, this is a great pie. Where did you get it?” “Oh, my financial advisor sent it.” Super pleasing and nurturing.

December sets up January reviews. Any message we send to our clients this month tends to get lost in the noise. However, holiday wishes are a must. Nurturing.

So why is all this important? Each of these activities should delight your client base and set you apart from your competition. It is these activities that will wow your clients, make you more referable, and garner you new business that you did not initially solicit. The goal here is to capture every dollar of revenue your client can possibly give you without compromising the concierge experience your clients have come to expect.

So why so much emphasis on these events? In my travels I am often asked how advisors can drive more revenue through their practice. After some discussion, the real question becomes, “How can I increase real earnings in my firm?” The answer is understand the real value of successfully getting additional sales from the same clients.

I have a couple of questions I would like you to think about.

- What marketing activities do you perform that have the highest rate of return?
- How many hours per week do you engage in that activity?

I have said that marketing is the most necessary duty in your practice. I have also said that broadcasting and courting are high rejection, low ROI activities. While super pleasing, nurturing, and listening provide the highest ROI, knowing the rule of ROPE will help you understand why this is true.

So, let’s look at the rule of ROPE.

- R is revenue.
- O is operating expenses.
- P is profits.
- E is net earnings after tax.

Assuming my courting process is successful and I book the first sale to a client, let’s look at a cash flow statement of that sale.

- Revenue $1.00
- Operating expense $0.70
- Profit $0.30
- Earnings $0.15
- (assume 50 percent tax)

I used a dollar of revenue and wrote off all of my legitimate expenses, including the cost of my failed efforts. My assumption of 70 cents might be high or low but is for illustrative purposes only. Assuming I am marketing to my existing clients and have successfully made a second sale, let’s look at a cash flow statement.

- Revenue $1.00
- Operating expenses $0.25
- Profits $0.75
- Earnings $0.375
- (assume 50 percent tax)

Since I have already written off the majority of my practice expenses against the first sale, it is clear that the second sale increases earnings exponentially. The rule of ROPE shows without a doubt that a sustainable, well-thought-out marketing plan aimed at your existing clients is the best way to grow your practice.

I think you can see the level of marketing activity I am suggesting would be impossible to manage without a capable staff. Here is where I am going to ask you to make the monetary investment to build more human capital in your office. Just as Rome was not built in a day, implementation of this staffing formula will not happen overnight. Since even the experienced producer needs to spend 25 percent of her or his time marketing, and we are all aware of how our businesses run us and not the other way around, may I suggest three critical positions to fill right away?

First, a fully licensed administrative assistant or office manager. As your business grows, this position will separate into two roles, but in the beginning this person will free up a tremendous amount of your time. This person can do all your paperwork and your scheduling. Create a vision for
how you want your workweek to flow and then empower this person to make it happen.

Second, a director of technology. Many producers are not tech savvy enough to keep their office activities efficient, and the producers who spend far too much time playing on their computers. This person can handle your financial planning software and networking and can serve as your paraplanner and compliance officer. Think about how much time you spend clarifying what you wrote down after a data session or getting additional information that you may have missed. This person can chase that information for you, freeing countless hours for more profitable activities.

Finally, you need a director of marketing. While you have all the time necessary to attend client events, you do not have the time to plan the event, invite the guests, pick the venue, and do all the follow-up. This person can also serve the function of managing your client data system. Very few of the marketing ideas we’ve spoken about will ever see implementation without this position. Give this person a list of A and B clients in your slow weeks and have her or him contact that list of people for a quick catch-up and just to say hello.

We have spoken about job duties inside the firm, but how about other product lines? As experts in our product specialty, I hear all the time that it’s easier to pick up a new sale in a product we know inside and out than try to learn all the nuances of another product line. This is precisely what’s wrong. We have a good relationship with a new client who would gladly give us more business, but we don’t ask. Remember the rule of ROPE and how profitable this business is. Let’s discuss for a moment what I call the “law firm model for financial professionals,” with you in the role of the senior partner.

If you think about the role of the senior partner, he or she works exclusively on the big cases or in spending unpaid time bringing new relationships to the firm. Using the concept of junior partners, a top producer can shed his or her book of C+ clients and below to the junior partner. And if the junior partner finds a big case, the senior partner can be there to help. Also, law firms do not only have one senior partner. In order to meet the needs of all our clients, we need to create self-contained departments or product silos. These people can excel in business you are not writing now. Hire a long-term care specialist, a group producer, a life and disability producer. Hire someone with a 401(k) book and build a pension business. Whether junior or senior, you will find increased product sales at every turn.

Henry Ford once said, “Whether you think you can or think you can’t, you’re right.” Building a seven-figure practice is not about the external tactics we employ to grow our business. Rather, it’s about the true inner belief in ourselves, that we will overcome any obstacles to our success.

David Steele describes the journey as a leap of faith. He cites a scene from the movie Indiana Jones and the Last Crusade where, in order to save his dad, Indiana Jones must cross a deep chasm with no visible bridge. As he surveys the cavern, he spots a lion’s head on the other side of the chasm. He remembers a passage from his dad’s grail diary, “Only in the leap from the lion’s head will he prove his worth.” He realizes in order to achieve his goal he must take a leap of faith with no guarantees of success. As he steps out into the nothingness, his foot touches solid ground, and he is rewarded for his faith. As you put into practice the ideas we have spoken about, I believe, as you must believe, your reward is a leap of faith away.