Living in the Fourth Lane

Matt Oechsli

Last summer one of our coaches got a call on his cell phone at 9 a.m. from a financial advisor he was coaching at 10 a.m. on the Fourth of July. A top advisor, he apologized for calling on a holiday, but he had this big opportunity on the golf course in the afternoon, and he didn't want to blow it. So they role-played for ten minutes, with that role-play landing this advisor a $300,000 commission on an insurance policy, and, according to the advisor, the role-play wording involved a risk audit. This advisor doesn't even have an insurance background. He's a CFA, so he had to bring in an insurance specialist to help, which highlights what I've been saying for years: Top insurance professionals, such as yourselves, can teach top stockbrokers far more than the other way around.

Today, the affluent don't care whether an advisor comes from an insurance background, a brokerage background, an accounting background, or whatever. All they care about is what the advisor can provide for them today. The profession has changed along with the opportunities.

Last January an advisor met with affluent clients, a husband and wife, for their annual review. The advisor, reporting an 18 percent return on portfolio, explained how he managed the investments, dialogued with the husband, and asked his wife if she had any questions, which she didn't. The advisor considered it an excellent review. Two weeks later the husband called and said, "I've got bad news. My wife has a financial planner she wants to use. I need to close my account." Ouch! He's probably still having nightmares.

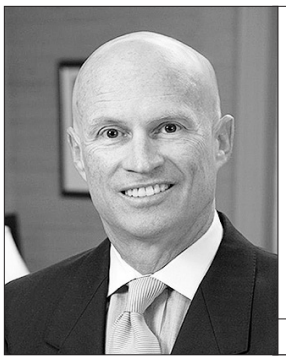
The Great Recession has landed us in a new world. It's been a crisis, and throughout history, a crisis—the Great Depression, the World Wars of the last century—fundamentally changes societal norms. Attitudes and behaviors change. We're living with change right now. Our attitudes have been altered, as have our behaviors. It's back to the family, back to basics. Conspicuous consumption is gone. Because it's been a financial crisis, the relationship between financial advisor and client—particularly affluent clients—has changed. It's now all about relationship management and relationship marketing and how closely they are connected.

This Great Recession has created a four-lane advisor highway. Lane 1 is the breakdown lane, full of veteran advisors who refuse to change. They've lost clients, and some have lost personal wealth. They've become cynical and are paralyzed, and it's sad.

In lane 2 are advisors who know they need to be doing something, but they go back doing exactly what they've always done—interacting with their clients as an insurance agent would, trying to market their services with the old marketing techniques of yesteryear, which no longer work. They get discouraged and end up back in lane 1, paralyzed.

Lane 3 has advisors who recognize this is a new world that demands relationship management and relationship marketing. They understand that social prospecting in affluent circles is what cold-calling was all about 25 years ago, what seminars were all about 15 years ago. They go out into the affluent playing field socializing in affluent circles, but they lack the skills and make basic advisor mistakes. They talk too much, talk about themselves too much, and try too hard to sell. Even though our research tells us that nine of ten in affluent circles would be open to a second opinion, when these advisors offer their services, nobody is interested.

Lane 4 is where the elite advisors travel. They are a select group who are doing two things furiously.



Matt Oechsli

Oechsli is president of the Oechsli Institute and is one of the leading authorities regarding marketing, selling, servicing, and developing loyalty with affluent clients. His firm conducts ongoing research on the affluent and has been able to determine (with statistical significance) how the affluent make major purchase decisions, the criteria they use in selecting a "go-to" financial advisor, what they look for in a personal banking relationship, and more. Oechsli has authored 11 books and is also the longest-standing columnist for WealthManagement.com.

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1. They are repositioning their services with their current affluent clients, making certain they are relevant in today's demanding world.
2. They are actively prospecting affluent clients of other advisors, capitalizing on the dissatisfaction brought about by the Great Recession, and they are bringing in more new affluent clients than at any other time in their careers.

Every year we conduct two parallel research projects—one of the affluent, the other on advisors. We want to know what today's affluent are looking for in an advisor and how advisors should be marketing their services in order to acquire more affluent clients. We also want to determine what advisors are doing. What we consistently discover is that elite advisors are lockstep with today's affluent both in services they are delivering and how they go about marketing. These parallel projects allow us to create a critical path for advisors who are serious about acquiring and developing loyal affluent clients.

We conduct focus groups prior to every research project. The affluent focus group in particular provided many teachable moments. I'll briefly describe the profile of the focus group. The first question was "How satisfied are you with your primary advisor?" They were all satisfied, albeit rather guarded in their satisfaction. Forty-five minutes later they were asked if there was one thing their primary advisor could improve upon, what would that be? "Communication, improved personal communication," was their universal response. Five minutes later they were asked, "If you encountered a financial advisor who you trusted and respected on a professional level, would you entertain having a second opinion on your portfolio?" The response was unanimous. All were open to having a second opinion. This highlights the big difference between satisfaction and loyalty.

We've been researching affluent loyalty for over a decade. It's an earned behavior. A loyal client would never accept an offer for a second opinion. A loyal client is always open to new ideas, which is why lane 4 advisors are able to reposition themselves with their affluent clients, and loyal clients will take their advisor by the hand into their spheres of influence and introduce him to their friends, colleagues, and family members if his sales skills are seamless. A satisfied client will do none of that because satisfaction is a temporary, emotional feeling. It's the floor upon which an advisor can build loyalty.

This past year's research uncovered two major affluent trends. We refer to them as Macro Affluent Shifts.

1. Women—More prominent role in family finances
2. Business and social relationship—Improves meeting expectations

This graph highlights the importance of relationship marketing. [visual] Elite advisors have developed strong relationships with CPAs, attorneys, and the like. They penetrate their affluent clients' spheres of influence and get introduced to people who become clients. They network through both civic involvement and social activities. They hold client events, and they get referrals. The reality is that elite advisors make a habit of engaging in these activities. We refer to them as success habits

Our research uncovered a marketing activity that has an 86.3 percent guarantee of getting a face-to-face with an affluent prospect. If I had this at our booth, packaged in a pretty box with a nice price tag on it, my guess is that many of you would be interested. Well, MDRT members, this is my gift to you. I'm going to give it to you free.

If you have a healthy business and a personal relationship with an affluent client, ask him to introduce you to a specific person in his sphere of influence, as simply as "Hey Bob, you know that colleague of yours, Stephen Boswell whom you play golf with? I'd like to meet him." You have an 86.3 percent likelihood of your client Bob saying, "Sure." Then you're discussing the best way to get introduced.

If you have only a solid business relationship, it's successful 73.3 percent of the time. This is huge. However, it requires you to uncover people within your client's sphere of influence. On the other hand, if you ask an affluent client for a referral, 83 percent feel awkward. The industry has been teaching this all wrong for a long time. Our research tells us that if an advisor can source three or four names a week, circle back in two weeks, and ask to be introduced, he'll soon find himself in lane 4 enjoying elite status.

Late last year one of our coaches called me and said, "You've got to hear this," and proceeded to tell me about his client, Bob. Bob is a 22-year veteran from the insurance industry. He's top quintile in his firm, a major insurance company. His assistant of 15 years was at a flea market on a Sunday with her girlfriend, and the following conversation unfolded:

Girlfriend: "What does Bob actually do at XYZ insurance agency?"

Assistant: "Basically, he oversees the finances for a group of families in the DC area."

Girlfriend: "Really? I thought he was an insurance agent."

Assistant: "Oh, we still handle insurance, but it's much more involved than that. Now our clients want advice on every aspect of their family's finances."

Girlfriend: "I had no idea. In that case my husband has a friend who is really unhappy with his broker at ABC Wire House. Do you think you could ask Bob to meet with him?"

That conversation led to Bob acquiring a new $1.2 million client. Can your assistant articulate your value proposition as well as that? Can you? There's a reason Bob has transformed his practice from top insurance agent to elite advisor overseeing the multidimensional aspects of his clients' family's financial affairs. By the way, his wife can articulate his value proposition equally as well. Very few advisors can say the same, which is why elite advisors like Bob from all backgrounds have little competition.

Here the affluent are telling advisors how to market their services. Get introduced! It's all about word-of-mouth influence, meeting and greeting, creating a good first impression, developing rapport, and developing a relationship. This is simple. It's no more complicated than asking your client, "I'd like to meet your colleague Mary. What would be the best way for you to introduce me on a social level?"

Incidentally, brochures have zero impact on today's affluent who are selecting an advisor. You're the product. Everything about you is your brand—your ability to communicate, how you dress, your energy, your office—everything.

5 Key Affluent Criteria	Importance: Women Over Men	Performance: Business/Social Over Purely Business
1. Providing timely communication	+20% Gap	+19%Gap
2. Delivering high-level personal service	+14% Gap	+22% Gap
3. Protecting their family's investments	+16% Gap	+15% Gap
4. Making them fully aware of fees	+10% Gap	+13% Gap
5. Overseeing family's finances, not marketing	+9% Gap	+16% Gap
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The mindset of elite advisors is extremely goal focused, with discipline of action (doing) linked to their goal. In essence, they do what they need to do despite that little devilish voice whispering in their ears, "It's not going to work." They do what they need to do when they *don't* feel like it. You see, all people can do what they need to do when they *feel* like it.

The power of positive thinking, albeit an attractive concept, is a myth. It's the power of positive *doing*, linked to a goal. This achievement cycle is instinctive. Every major accomplishment anyone has ever had has activated this cycle. The difference between elite advisors and everyone else is that they continually reactivate this cycle by resetting goals.

We know that whenever an advisor develops the achievement cycle into a habit, assuming that advisor is doing the right activities—those activities I've been sharing with all of you—developing the necessary skills to sell in affluent circles is easy. Do the activities, and both the skills and results will follow.

These are a handful of the skills elite advisors possess.

- A value proposition
- The fee question
- Second opinion/risk audit conversation
- Mini-closing
- Sourcing names
- Prospecting socially
- Developing rapport (80/20 Rule)
- Learn primarily through doing

They can articulate their value proposition in a simple conversational style as easily as Bob's assistant, and so can their spouses and assistants, "I handle the financial affairs for a group of families in the area."

They recognize that a premature fee question is a buying signal, unlike the "What do you do?" question, and treat it accordingly. Essentially, it's game on, and they respond, "Gosh, that's a bit premature. I can't answer that question at this stage. We handle the financial affairs for some of the families in the area, and before we can begin to get into that type of discussion, we've got to sit down, see what's involved, and determine whether or not we can be of any assistance. By the way, in this environment, it's probably a good idea to have a second opinion. Can you do an early breakfast this Thursday?" They have just conducted a mini-close, suggesting breakfast on Thursday. You never want to be defensive when responding to a premature fee question. No way. It's game on!

Offering to provide a second opinion, or using other phrases such as "risk analysis," "stress test," and "risk audit" work very well. The idea, in social settings if the situation is right, is that you say something along the lines of "Let me put my professional hat on for a moment and ask you a question. Has anyone conducted a risk analysis on your family's portfolio?"

Sourcing names is all about learning to ask the who question. Whom did you play golf with last weekend? Whom did you see over the weekend? This allows you to circle back and ask for an introduction. Source three or four names a week, circle back in a couple of weeks, and conversationally ask to be introduced. You're going to be in lane 4.

Developing rapport requires discipline. Advisors have to learn how to listen and become sincerely interested in their affluent clients and prospects.

All of this is simple, but not easy. Why? Because for many advisors, this requires change—learning new skills, thinking differently, and engaging in marketing activities that pull them outside of their comfort zones.

The stars are aligned for advisors willing to do the right activities that I've been sharing with you, because doing these activities is what it takes to get in lane 4. It's a perfect storm for advisors who are willing to go for it. Eight of ten affluent families in your area would change advisors if they encountered a clearly superior alternative. Be that alternative. Your future is now!