

Learning Objectives

An understanding of the material in this chapter should enable the student to

1. Describe the differences between marketing, selling, and prospecting.
2. Explain how prospecting fits into the overall selling/planning process.
3. Explain how to overcome the five hurdles to successful prospecting.
4. Discuss how the psychology of the prospect affects how an advisor prospects.

COURSE OVERVIEW

You have heard the old adage, "All dressed up but no place to go." The equivalent of it for financial advisors is, "Fully credentialed but no one to see." Even if you are the most qualified advisor with the best products and services, if you do not have prospective clients to see, you will starve. Prospecting is to financial advisors as blood is to the human body. It is arguably the lifeblood of your practice; the better you can do it, the greater the likelihood of achieving your goals.

As critical as prospecting is to a financial advising practice, many advisors struggle to do it well. Consequently, this book is devoted to unleashing the prospecting machine within you.

This chapter explains the context of prospecting within the overall selling/planning process. Then it looks at the psychology of prospecting from the advisor's point of view. It also examines the psychology of the buying process from the prospect's point of view, discussing some of its effects on prospecting. This discussion provides the foundation for the principles that follow.

THE PROSPECTING ENIGMA

What do you think when you hear the term *prospecting*? Does it bring negative images or feelings to mind? Most people have their own personal definition of prospecting, just as they do for other terms that are thrown about too loosely in the financial services industry. That is why it is important to define prospecting, differentiating it from marketing and selling and to understand how prospecting fits in the overall selling/planning process.

Defining Marketing, Selling, and Prospecting

In order to define prospecting, we will first define two other related terms: marketing and selling. Then, we will define prospecting and describe the characteristics of a qualified prospect.

Marketing

marketing

Many people mistakenly equate marketing and selling.

But they are not the same. The American Marketing

Association defines *marketing* as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."¹ In the financial services industry, this means that marketing is the planning and implementation of a process that involves

1. identifying specific consumer needs and wants that your products and services can meet
2. defining groups of consumers who have those needs and wants
3. creating or customizing a solution that meets those needs and wants effectively
4. creating and articulating messages that raise consumer awareness of these needs and wants
5. positioning your ability in the consumers' minds to meet those needs and wants
6. identifying and contacting specific consumers with whom to meet
7. motivating consumers to buy the product or service that will satisfy those needs and wants from you
8. exchanging the product or service for something of value (money)

1. American Marketing Association: "Marketing Definitions," www.marketingpower.com (accessed February 25, 2010).

9. managing postsale relationships

Selling**selling**

In comparison, *selling* is the process of motivating, guiding, and asking the prospect to buy—to become a buyer.

(Selling involves activities 7 and 8 in the above list.) As you can see, selling is a part of marketing, but marketing is much more than selling. As marketing expert Dr. Philip Kotler notes, "[T]he most important part of marketing is not selling. Selling is only the tip of the marketing iceberg."² Selling should be the natural result of the effective completion of the other activities associated with marketing such as building product and/or brand awareness or attaining an audience with the prospective customer. Without these other marketing activities, selling would be like trying to sail a sailboat without any wind.

Prospecting**prospecting**

Last but not least, *prospecting* is the continual activity of identifying, approaching, and prequalifying new people to meet with and talk to concerning your business. Prospecting is the marketing activity designed to identify individuals, couples, businesses, and so on to call for an appointment. It is the marketing activity that narrows an advisor's focus from the broader market to the selling of products and services to individual prospects.

prospect**qualified prospect**

Prospecting starts with a large pool of people or businesses, known as prospects. A *prospect*, for the purposes of this discussion, is a person for whom you have a name, contact information, and a suspicion that he or she might benefit from your products and services. (Many would define such a person as a suspect rather than a prospect. The difference between a suspect and a prospect is subject to interpretation. The following table shows one such interpretation. For simplicity, we will use the term prospect to refer generally to both.) From this pool, you want to identify those persons who have a high probability of being qualified prospects. A *qualified prospect* is someone who

- needs and values your product and/or service
- can afford it
- is suitable for it (if applicable to the product or service)
- can be approached by you on a favorable basis

2. Philip Kotler, *Marketing Management*, 11th ed. (Upper Saddle River, NJ: Prentice Hall, 2003), p. 9.

Obviously, you will want to focus your efforts on identifying and working with prospects who have a greater probability of meeting the above criteria. Thus, understanding the four criteria will enable you to identify what you need to know and perhaps determine how to obtain it sooner rather than later. Let's look at these four criteria in greater detail.

Needs and Values It. If a person does not need your products or services, no matter how much he or she wants them, that person is not a qualified prospect. A sale made in this situation has a great chance of being noncompliant and unethical.

| Table 1-1 The Prospect-Client Continuum | |
|--|--|
| Suspect | Person who could become a prospect |
| Prospect | Potential buyer identified by the advisor |
| Qualified prospect | Prospect who needs and values a product or service, has the ability to pay, is suitable for the product or service, and can be approached by the advisor |
| Buyer (account owner, policyowner, and so forth) | Qualified prospect who has bought a product or service at least once |
| Client | Repeat buyer who refers you to others |

Need is important, but value is critical. Value determines want, and the reality is that people will most often buy what they want before what they need. For example, almost everyone with dependents needs life insurance, but does that mean they have it, or they have enough? Wanting is the key, and people want that which they perceive adds value to their lives.

Can Afford It. A person cannot be a qualified prospect unless you are confident that he or she can afford what you offer. The issue of affordability often can be resolved by implementing a spending plan (a budget). However, this works only if the person has an adequate amount of discretionary expenditures that can be reduced and wants what you offer badly enough to make the necessary sacrifice.

EXAMPLE

If you expect someone to give up cable TV (an immediate gratification) so that he or she can pay long-term care insurance premiums (not so immediately gratifying to most of us), there is a chance that the policy may not stay in force for very long.

Is Suitable for It. Unfortunately, there are people who need and want the products and services you provide but cannot meet the necessary financial and/or health requirements. Working with prospects who will probably satisfy any financial and/or health conditions will increase your effectiveness and efficiency.

EXAMPLE

People with low risk tolerance and/or a short investment time horizon may not be suitable for stocks, certain mutual funds, or other financial instruments. Likewise, someone with a serious health condition may not qualify for life, health, disability income, or long-term care insurance.

Can Be Approached. In lines of business where relationships drive most activity, this criterion is critical. A person may meet all the other requirements, but if you cannot approach him or her on a favorable basis, then he or she is not a qualified prospect for you right now. Rapport is crucial, especially in a business that gets personal. Financial advisors get about as personal with their clients as anyone can. In fact, the only people who may get any closer are usually health care professionals. That said, do not throw the unapproachable prospect's name away—you may find a way to approach him or her on a favorable basis at some point in the future.

Working with people who have a high probability of being qualified prospects is the key to success for financial advisors. Selling and planning are much easier when you are dealing with someone who needs and wants your help, can afford it, for whom it is suitable, and is approachable.

Unfortunately, such prospects generally do not come to advisors; advisors typically must identify and approach them for appointments using the appropriate prospecting methods. From this perspective, selling and planning are easy. But prospecting? That is difficult.

The next section will explore further the relationship between prospecting and selling by reviewing the selling/planning process.

Selling/Planning Process

selling/planning process

The *selling/planning process* is the process that advisors use to identify and meet with prospects, help them create and implement plans to address their financial needs, and provide ongoing service, which leads to repeat sales and referrals (see figure below). The phrase "selling/planning" is used to recognize that advisors need sales skills, regardless of their product—insurance, mutual funds, or financial plans. All financial advising involves communicating, motivating, and persuading—elements of successful selling.

The first two steps of the eight-step process—identify the prospect and approach the prospect—implement the marketing activities related to prospecting. Steps 3 through 8 comprise the actual (financial) planning process. These six steps involve personal interaction between you and a prospect or client (a distinction previously described). The use of a circle in the following figure illustrates that if you complete the eight-step process effectively, servicing the plan in step 8 will lead the buyer back for other products and/or services—and, in addition, referrals to new prospects.

Although this textbook will focus primarily on the topics associated with prospecting (steps 1, 2, and 8), it is important to be familiar with the underlying philosophy and the other steps of the selling/planning process. The client-focused philosophy (more in a minute) pervades every step of the process. Furthermore, all eight steps are integral parts of the whole. It is necessary to understand, and eventually implement, the entire process to gain maximum benefit. (See *Techniques for Meeting Client Needs* or *Foundations of Financial Planning: The Process* for a detailed treatment of steps 3 through 7 of the selling/planning process.) Following is an overview of the individual steps of the selling/planning process and a brief discussion of the fundamental selling/planning philosophy.

Eight Steps of the Process

The discussion that follows explains the eight steps of the selling/planning process.



1. Identify the Prospect

Effective selling and planning begin with getting in front of the "right" prospects. But who are the right prospects? How do you identify them effectively and efficiently? The answer to these questions lies in basic target marketing strategies and the selection of prospecting techniques and preapproach methods that are especially effective for your desired target markets.

The enactment of federal and state Do Not Call Laws aimed at placing restrictions on telemarketers has changed the landscape of prospecting. Some lament that these laws will hurt the financial services industry. But the change is perhaps good news for advisors who use prospecting techniques that generate prospects who already have a favorable view of the advisor such as referrals and seminars.

2. Approach the Prospect

There is only one objective to this step: to set the appointment. The approach may be done via the telephone or face-to-face. When using a telephone approach, you will need to adhere to the federal and any state Do Not Call Laws that apply. Fortunately, there are prospecting methods that can

minimize the negative effect that these laws and the Do Not Call Registry have on your ability to set appointments, as alluded to earlier.

3. Meet the Prospect

This is the step in which you establish rapport, explain your business purpose, ask some thought-provoking questions, and listen, listen, and listen. The importance of listening cannot be overstated; it is essential when building any relationship. You need to earn the prospect's trust and obtain his or her agreement to gather pertinent information about him or her. In this step, you will do the following:

- Explain what you do and how you do it.
- Ask questions to identify the prospect's needs, goals, problems, priorities, and attitudes.
- Motivate the prospect to take action to meet those needs, achieve those goals, and solve those problems.
- Demonstrate, in general terms, how you can help the prospect.
- Obtain agreement to proceed to the information-gathering step.

Furthermore, just as the prospect is determining whether or not to do business with you, you should gather information to assess whether or not you want to do business with the prospect. In other words, you need to qualify the prospect. Does the prospect have a need for your products and services? More important, is the prospect motivated to meet that need? Can the prospect afford the necessary products and services? Finally, is the prospect the type of person with whom you want to work, on an ongoing, professional basis?

4. Gather Information and Establish Goals

It is critical to gather detailed, relevant information about the prospect's personal and financial situation. Your objective is to collect sufficient information to make suitable and sound recommendations to the prospect. Use an effective and compliant fact finder designed for this purpose.

To be thorough, give prospects a list of financial documents to bring with them to the interview such as a will, budget, balance sheet, cash flow statement, insurance plans, benefit statements, most recent Social Security statement, mutual fund account statements, and so on. You need to know as much as you can about each prospect's financial situation.

Before you leave this step of the process, confirm your understanding of the prospect's goals and priorities. Also, establish agreement on planning assumptions (interest rates, inflation rates, investment return rates, risk tolerance, and so on). Finally, obtain a dollar commitment so you will know how much money is available to implement a plan. Your recommendations must be based on the prospect's ability to pay or they probably will not be implemented.

The key skills in the fact-finding process are as follows:

- *questioning*. Ask the appropriate closed- and open-ended questions that will give you an overall sense of the prospect's current financial situation, attitudes, goals, values, and needs. Ask confirming questions to clarify.
- *listening*. Actively listen, rephrase, and reflect to ensure that you and the prospect are on the same page.
- *taking notes*. Jot down assumptions, goals, needs, priorities, and feelings.
- *summarizing*. Review what the prospect has told you, and confirm that you have clearly understood him or her.
- *acting*. Agree on a proposed next action.

5. Analyze the Information

Once you have gathered information and established goals and planning assumptions, you are ready to analyze the information. Your analysis should include activities such as

- preparing and analyzing appropriate financial statements
- projecting the outcomes of the current plan (if the prospect does nothing different)
- identifying obstacles to desired goals
- analyzing the prospect's current and desired situations as they relate to the major planning areas: insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning
- determining viable alternatives and their outcomes
- analyzing alternatives using possibly less favorable assumptions (higher tax rates, lower rates of return, and so on)
- quantifying the opportunity costs of each viable alternative
- comparing the costs of implementing solutions with the client's ability to pay

6. Develop and Present the Plan

After you have analyzed the prospect's situation, you will be ready to develop a plan. In addition to summarizing the client's situation and the findings of your analysis, the plan should include recommended actions. If you provide alternate solutions, you should include a synopsis of their relevant advantages and disadvantages and a projection of anticipated costs and outcomes.

In between developing the plan and presenting it you should spend some time preparing your presentation (unless this is a one-interview planning session). Anticipate questions, objections, and concerns.

Now you are ready to present the plan. During the presentation you will do the following:

- Review your prospect's needs, wants, and desires.
- Restate the situation to confirm your understanding of it.
- Identify the solutions and any additional alternatives that will cover the needs.
- Present your recommendations.

7. Implement the Plan

If you have conducted fact finding properly and completely and your recommendations are based on information from the fact finder, implementing the plan should simply be the logical next step in working together. That does not mean the prospect will not have some concerns or misunderstandings. It does not mean that the plan will not have drawbacks. But if you have done your job uncovering the prospect's attitudes and values, as well as his or her financial situation, you will be prepared to explain how your recommendations will enable the prospect to achieve his or her goals.

Once the prospect has agreed to your recommendations, help him or her acquire the necessary products and services. For those of you who sell financial products, implementation includes completing all of the required forms and applications and, in some instances, delivering an insurance policy.

Of course, not every prospect will implement your recommendations. Do not be discouraged. It may take even the best advisor several attempts to close. Sometimes prospects postpone purchases, and the advisor is forced to make several appointments and compensate for a lapse of time between the presentation and implementation. As frustrating as this will be to you,

there are recognized techniques that you can use to motivate your prospect to follow your recommendations.

8. Service the Plan

This is the step in which you turn buyers into lifetime clients. Service cements the relationship with a buyer, giving you the opportunity to make additional sales and obtain referrals. Some service is reactive—the buyer or client initiates it by requesting a needed change, such as an increase in coverage. In these situations, the buyer or client should expect to receive excellent service. What differentiates one advisor from another, however, is the proactive element of his or her service strategy. Many people buy a product and never hear from the advisor again. Proactive servicing strategies, such as monitoring the plan through periodic reviews and relationship-building activities enable an advisor to stay in touch with clients. It is this high-contact service that builds clientele. You need to communicate what reactive and proactive services you will provide and then make them happen!

Client-Focused Selling/Planning Philosophy

As mentioned earlier, all selling involves communicating, motivating, and persuading. Selling skills are inherently neutral. You can use them to help people create a financial plan to achieve their dreams or to manipulate people to buy a product that is unsuitable for them. Thus, the philosophy underlying the selling/planning process is critical.

client The selling/planning process described in this textbook is based on a client-focused approach to selling and planning. The objective is to cultivate a mutually beneficial, long-term relationship with a *client*, a repeat buyer who will refer you to others. (Note: For our purposes, a person who pays an annual retainer, asset management fee, and so on is a repeat buyer.) In other words, the end result is an ongoing relationship that benefits both parties. The initial sale is an intermediate rather than final step. Thus, the product or service reflects the prospect's needs, values, and personal situation.

Obviously, manipulative, high-pressure strategies are incompatible with the client-focused philosophy, which utilizes consultative and financial planning strategies. Creating solutions that reflect overall client goals, values, and needs requires a careful gathering and analysis of very personal information and feelings. As a result, good communication skills such as asking probing open-ended questions, listening carefully, and confirming your understanding

are invaluable. Moreover, motivation and persuasion are employed with the prospect's best interest in mind—not to generate commissions or fees. Thus, everyone benefits. Clients buy valuable products that meet their needs. Advisors receive repeat business and referrals. Consequently, the reputation of financial advisors in general is enhanced.

The client-focused philosophy pervades the entire process, beginning with prospecting, arguably the most difficult part. The next section examines the major hurdles to effective prospecting and how to overcome them.

OVERCOMING THE FIVE HURDLES TO SUCCESSFUL PROSPECTING

Prospecting is the enigma that confronts every financial advisor. It is also the number one reason that salespeople fail or leave their respective business. They simply cannot master the art of prospecting. In the financial services industry, the failure of advisors adversely affects both the companies and the clients, as well as the lives and families of the advisors themselves.

The reason so many advisors run out of prospects is that they have not made prospecting a habit. Doing so involves much more than simply memorizing the techniques. If it were all technique, everyone would be doing it—and succeeding at it.

So why do advisors struggle to prospect? Everyone has his or her own personal reasons or psychological hurdles. But all the reasons probably fall into one or more of the five primary hurdles to successful prospecting:

- lack of conviction
- fear of rejection
- not knowing exactly what to do or how to do it
- lack of motivation
- the inherent difficulties of prospecting

Everyone has reasons why they find prospecting to be difficult. Recognizing the reasons enables advisors to identify the root causes and begin to address them. Make a list of your reasons.

Assume that your list is similar to the issues we just identified. Let us examine each one a little more closely and consider some action steps you can take to overcome them and jump-start your prospecting engine!

Hurdle #1: Lack of Conviction

Most advisors would not start asking people to meet with them if they knew nothing about their products and services. Some can describe in detail the feature of every product they sell. But they do not understand the related buyer benefits that their products and services bring to their clients. The result is a lack of conviction that their products and services are not simply important, but critical to people's well-being. They have not grasped the true value that their products and services deliver to their clients.

In contrast, advisors who are armed with an understanding of how each product makes clients' lives better are filled with confidence and conviction. They believe that they really can make a difference in people's lives. Their excitement is infectious, and people are drawn to them. Their conviction pushes them forward and, because of a sense of mission, they have the courage to initiate a conversation about their products and services.

The following are four ways to create a sense of conviction about what you do and what you sell.

Identify the Value of Your Products

Have you ever encountered a new acquaintance at a social or business gathering and when you ask the person about what he or she does, the individual trivializes it? Responses such as these may sound familiar:

- "I'm just an accountant."
- "All I do is sell insurance."
- "I'm only a broker."

Advisors who respond in this manner need to take the time to understand the difference between *what they sell* (their product) and the *value it delivers* (why people would want it). Specifically, they need to think about ways their product makes a difference in people's lives. See the following table for a few examples.

| Table 1-2 Examples of Products and the Value They Deliver | | |
|---|--|--|
| If You Are | What You Offer (Product/Service) | Why People Want It (Value) |
| An accountant | Advice and services on taxes and cash management | Individuals and/or businesses want to make the best use of their earned capital and achieve the maximum savings and benefits under current tax law. |
| An insurance representative | Insurance products for life, home, and other valuable assets | Individuals and families want to protect their assets in the event of an accident or other type of loss. Your products also provide the foundation for a solid financial plan that creates long-term financial security for your clients and their children. |
| A financial planner | Advice on managing assets, investments, and other financial-related issues | People want security and peace of mind. They want to know their hard-earned dollars will provide security and comfort for themselves and their children. |

Take a look at the portfolio of products and/or services you offer. What excites you about these products or services? Perhaps you do comprehensive financial planning and your particular software program is truly outstanding. You feel it can help people identify, set, and achieve their financial goals. If this is important to you, share that sense of importance with others. Create an excitement for the company you represent and your particular services. It will go a long way toward overcoming any prospecting reluctance you may have. Moreover, it will help you develop a clear sense of *how your products and services improve people's lives*.

Talk to Your Clients

Want to gain a better understanding of how your products and/or services help people? Ask the people you are helping now. You can learn quite a bit simply by talking to your clients. Ask them how your products and/or services are meeting their needs or enriching their lives. Find out how you can improve and if there are any concerns or issues they might like to discuss. You may be surprised at how much praise you will hear, merely by asking if there is anything you can do better. Take any suggestions seriously, and make certain you implement them.

Talk to Others in Your Business

Seek out possible mentors and others whose success you would like to emulate, and ask them what they like about their work. Beyond the financial rewards, what do they receive? Why did they pick this business? Why not something else? Ask them to share stories of their favorite clients (minus the names, of course) and about their relationships. The essence of their experiences will probably go much deeper than insurance and financial services. Understand and capture their passion!

Define Brand "You"

brand

Although the products you sell may have different features and benefits from those of your competitors, do not overlook the importance of your personal brand or, as business guru Tom Peters calls it, "a BRAND CALLED YOU" [all caps his].³ A *brand*, according to the American Marketing Association, is "a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers."⁴

For financial advisors, the identifying features are typically the prospect's perception of the advisor's knowledge, skills, ideas, and personality that differentiate him or her from competing advisors. How is the service the advisor provides unique and set apart from the competition? What advice can the advisor offer on critical, possibly life-changing issues? What kinds of positive client experiences can the advisor create? Answer these questions; then make sure everything you do reflects brand "You."

Understanding the value of your products and services is vitally important. If you are excited about what you offer people and how you can help them, you will have greater success as a financial advisor. Furthermore, you will find that as your enthusiasm builds, it will have a tremendous impact on your capacity to overcome other obstacles that hinder your prospecting efforts.

3. Tom Peters, *The Circle of Innovation: You Can't Shrink Your Way to Greatness* (New York, NY: Alfred A. Knopf, Inc., 1997), p. 194.

4. American Marketing Association: "Dictionary of Marketing Terms," accessed August 21, 2006, from <http://www.marketingpower.com/mgdictionary.php?Searched=1&SearchFor=brand>.

Hurdle #2: Fear of Rejection

No one likes to face rejection. It is an emotionally hurtful experience, and people go to great lengths to protect themselves from it. Unfortunately, for financial advisors who generally must seek out prospects with whom to meet, rejection is an occupational hazard.

Fear of rejection is a manifestation of insecurity. Most advisors are insecure about something. All people have their issues, whether the issues are their appearance, how much money they earn, or just an overall lack of faith in themselves to accomplish and attain what they desire. Thus, there is a measure of detachment that advisors must adopt if they are to overcome any inherent insecurity. When it comes to rejection, remember that it is your product or service that is being rejected, not you. Do not take rejection personally.

Of course, that does not mean that an advisor's personality (likability) and rapport with others are not important. An advisor can offer the most beneficial product in the world, but if he or she is not particularly pleasant to be around, the advisor generally will not succeed. So, while advisors should be cognizant of how their personality is perceived by others, they must be careful not to be overly sensitive—a delicate balancing act, to be sure. The fact is, people most likely are rejecting the advisor's products and not the advisor. Therefore, the goal is for advisors to acknowledge their own insecurity and put it in perspective.

That said, let us address fear in general and get it out in the open. What about prospecting frightens you? Do you have any of the following feelings?

- "I am imposing on people."
- "No one wants to buy from me."
- "What if I say something wrong?"
- "What if they say no? Will they not like me? I can't risk being rejected."
- "I am sure they already have all they need."

Fear is normal. Thus, a key question to explore is, "What can you do to help you overcome your fear?" Until you answer this question, you can know all the best prospecting techniques in the world, but you will be too afraid to apply them.

What Is the Worst That Could Happen?

One strategy is to ask, "What is the worst that could happen?" Consider the following, for example:

- If you send a letter, perhaps enclose a copy of a helpful article on financial planning, and then follow up with a phone call, what's the worst that could happen?
- If you telephone a person, tell him or her about your services, and request an appointment, what's the worst that could happen?
- If you approach a person at a social gathering and gently encourage the person to open up to you a little in regard to his or her financial and insurance concerns, what's the worst that could happen?

Probably, the worst thing that will happen is that the person will politely decline your offer. Is that really such a terrible thing?

Believe You Can Do It; Do It; Keep Doing It

We are all afraid of rejection, of embarrassment, of suffering or pain. We are only human. But think about other things you have accomplished in life—things that made you afraid when you first approached them. Have you ever, for example, done any of the following?

- spoken before an audience
- bought a house
- taken on an exciting new job
- jumped out of an airplane
- learned to ride a bicycle
- mastered a foreign language

In accomplishing any of the above, you had to overcome your fear. This meant you had to do three things: First, you needed to believe that you would succeed. Then you needed to do it. Finally, you needed to keep doing it. Another tool to assist you in dealing with your fears is the old acronym for FEAR: False Evidence Appearing Real. It is important to remember most of what we fear never comes to pass.

EXAMPLE

Imagine you are a child again. You want to get up on that big bicycle without training wheels, but you are afraid. You are afraid it will topple over and take you with it. No matter how many other children and adults you have seen riding their bikes without training wheels, you know, you insist, it just will *not* work for you. It is a belief that many children have despite evidence to the contrary all around them.

The fears stemmed from a faulty belief system. Do you have these same fears today? Of course not. Today, you operate with different beliefs. What changed first, your belief or your ability to ride the bicycle? At some point, you had to believe enough that you could do it before you got on the bicycle. But all the belief in the world would have meant nothing if you had never acted on it. More than likely, you fell a few times. But after many attempts, you finally were able to ride on two wheels.

Once mastered, riding a bike was like walking, jumping, and climbing. It became second nature. So, too, will prospecting.

You will always be prospecting. It will become second nature. Prospecting, like any skill, eventually comes down to believing that you can do it, doing it, and then doing it over and over again.

Hurdle #3: Not Knowing Exactly What to Do or How to Do It

You may ask a successful financial advisor, "How do you know what to do?" Your follow-up question: "How do I do it?" There are dozens of ways to prospect; you must make a choice—you must have the goal to keep it simple. Until you determine one or two prospecting approaches that you find effective, you will always be in a fog.

This gets into the "techniques" side of the issue. The key, though, is to select just a few techniques and concentrate on doing them well. Choose techniques that are relevant to the kinds of prospects you want to see and that emphasize your strengths and personality, if possible.

Hurdle #4: Lack of Motivation

Everyone has times when he or she feels unmotivated. Unfortunately, a lack of motivation is to a financial advisor what kryptonite is to Superman; it will eventually be fatal. Staying motivated begins with creating a business plan that outlines clear goals and objectives, and implementing an action plan for achieving them. Having a vision provides a sense of purpose that can keep you going during times of low motivation.

Ultimately, even with a plan, motivation comes down to deciding to be a doer and then taking action. You may have heard the following expression: There are three types of people in the world—those who make things happen, those who watch things happen, and those who wonder what happened. Which one are you? Are you a doer, making things happen?

Traits of Doers

There are many ways to observe and define the characteristics of doers. For the purposes of this discussion, there are 10 distinguishing traits of "doers."

1. Doers Know Where They Are Going. First and foremost, doers have a vision and a sense of mission. They do not just run in any direction. They have a sense of the future they desire, and they set goals that will enable them to achieve their vision.

Doers evaluate their activities in light of their vision, giving priority to the activities that further their mission and ignoring those that do not. Their desired future anchors their focus. Doers make adjustments when confronted with unforeseen obstacles and distractions by evaluating the situation in conjunction with their vision and goals.

EXAMPLE

Sailing is a good analogy. When you are sailing, you typically have your eye on a destination or a point up ahead. But you rarely sail in a perfectly straight direction; you are probably at least slightly off course some of the time. While you are steering the boat, you are continually anticipating and responding to your environment—the waves, the water currents, and the wind. You are always compensating to make the necessary adjustments. Nevertheless, as you move—even though you may be off course—you never lose sight of your ultimate destination. You never ignore where you are going.

The visioning process comes down to asking, "What do I want?" Author and speaker Stephen Covey advises to "begin with the end in mind."⁵ In other words, long-term vision should shape your intermediate and short-term goals and actions.

5. Stephen R. Covey, *Seven Habits of Highly Effective People: Powerful Lessons in Personal Change* (New York, NY: Simon and Schuster, 1989).

2. Doers Are Passionate. Doers want to succeed and make a difference in people's lives. They have discovered that the key to success is to look inside themselves and become passionate about their goals. Advisors who are doers want to realize their goals. They care so deeply about achieving them that they rise above the bad days and the fierce competition. They look past the difficult periods, learn from their mistakes and adverse experiences, and focus on their goals.

Passion is what energizes the spirits of doers, gets them up early in the morning, and frees them from being prisoners of the moment. Doers are focused on the big picture. It does not matter if they are tired, if their houses are messy, or if their cars break down. Doers are passionate people and not excuse makers—they are constantly moving forward. They are proactive, taking responsibility for the results they produce, both good and bad.

Picasso, Passion, and Profit

A young man asked Picasso to draw the man's portrait. The artist completed the drawing, which took 10 minutes, and gave it to the young man. Picasso then said, "That will be \$2,500."

"What?" the man gasped. "But it took you only 10 minutes to do this drawing! You expect \$2,500 for 10 minutes' worth of work?"

"Not 10 minutes," Picasso replied, "30 years."

Picasso had begun developing his talent long before the visitor ever set foot into his world. Was Picasso an overnight success? Of course not. He had a passion for his work, and he had paid the price. It was his time to be rewarded for his hard work—to reap the benefits.

Many people think that successful entrepreneurs are passionate only about earning money. According to Steve Mariotti, however, founder and president of the National Foundation for Teaching Entrepreneurship, most successful entrepreneurs are *not* focused on the money. Instead, they are passionate about their work, what they do, and how they are serving people. Furthermore, once they reach some level of financial security or independence, they are passionate about what they are able to do with their lives as a result of their success. A great example of this is the partnership between Bill Gates and Warren Buffet formed in June 2006. The two richest men in the world designated between them an astounding \$68 billion—that's billion with a "b"—to philanthropic causes.⁶

6. "The New Powers in Giving," *The Economist*, July 1, 2006, pp. 63–65.

3. Doers Believe. “Whatever the mind of man can conceive and believe, it can achieve.” This is a powerful statement, from one of the earliest practitioners of positive thinking, Napoleon Hill. It is as true today as it was in 1937, when he first wrote these words. Perhaps you have also heard this one: “If you think you can do a thing or think you can't, you are right.” This statement is attributed to the great industrialist, Henry Ford. In other words, people who believe they can succeed will succeed. People who believe they cannot succeed will fail. In either case, the inward belief becomes a self-fulfilling prophecy.

Every religious tradition gives testimony to the power of an individual's beliefs. Thus, it should not be a surprise to find that people's beliefs play a great role in determining their futures. Beliefs affect daily life, they have an impact on the choices people make and the results they produce. This is more than Pollyanna-type positive thinking—this is the power of the mind!

For example, doers believe that the world plays no favorites. The world does not care whether or not people get what they want. The only reason the odds may favor doers is that doers have the right attitude and approach to achieving their objectives.

Ask yourself, “What are my beliefs?” Specifically, what do you believe you can and cannot do? What outside influences do you believe will prevent you from reaching your goals? How might your perceived personal limitations and outside barriers be more a state of mind than a state of reality?

Doers either work around or through personal limitations and external obstacles. They find a way.

EXAMPLE

Life insurance agent Ben Feldman lacked the physical attributes, silver tongue, and charismatic presence often (mistakenly) associated with successful people. In fact, he was told at the beginning of his career that he did not look the part of a life insurance salesperson.

Reflecting later on this assessment, Ben wrote, “When you tell me I can't do something, you may be right, *but I don't believe it.* [italics his] Nothing builds a fire under me more than if I'm told I *can't* do something. Maybe I can't—but I'm sure going to try.”⁷

7. Andrew H. Thompson with Lee Rosler, *The Feldman Method* (Chicago, IL: Dearborn Financial, 1989), 12.

Despite his "personal limitations" and the fact that he sold in East Liverpool, a small Ohio town of 20,000 people,⁸ the legendary Ben Feldman sold more than \$1.5 *billion* in volume between 1941 and 1993.⁹ Although few others believed he could succeed, Ben chose to believe differently. He was convinced he could achieve success—and he did!

4. Doers Create Plans. Doers believe, but that does not mean they are unaware of the challenges and obstacles they will have to overcome to reach their goals. In fact, they see a worthy goal realistically, with both the challenges and the opportunities it presents. They understand where they are and where they want to be. Then they create a plan and navigate the route that will enable them to achieve their goal.

Most of the time, things do not turn out exactly as planned. It is important to take a "road map" approach. If you are driving somewhere, even across town, you might decide the best way to get there is on the major freeway. As you head for the entrance ramp, however, you discover that the ramp is closed. What do you do now? Do you give up on reaching your destination and go back home? Of course not. You look at a map and determine an alternative route. All this time, what is on your mind? Your ultimate destination.

5. Doers Do. But it takes more than a plan. Doers do. Wishers only wish, "Wouldn't it be nice," "If only," or "One of these days. . . ." This kind of unproductive thinking occurs not only in individuals but also in organizations. Many companies and organizations engage in strategic planning. It is a long, drawn-out, and expensive process that ultimately results in a plan, usually printed on reams of paper and presented in a heavy binder.

But when this plan is completed, what do you think happens? In many cases, the binder becomes an expensive bookend on the CEO's shelf. It sits there collecting dust. Employees do not follow the plan because they are mired in meeting their day-to-day demands. Obviously, then, it takes more than merely having a plan—the plan must be implemented.

People who decide that they really want to do something do not wait until certain events occur—they just do it. The proof is in their actions, not in what they say. Doers believe the best time to act is now. There is no "someday"; there is only today. Quoting Napoleon Hill once again, "Do not wait, the time will never be just right. Start where you stand, and work with whatever

8. Ibid, pp. 3–8.

9. Wikipedia: "Ben Feldman (insurance salesman)," accessed August 8, 2006, from en.wikipedia.org/wiki/Ben_Feldman%28Insurance_Salesman%29.

tools you may have at your command, and better tools will be found as you go along.”

6. Doers Are People of Strong Character. One of the greatest qualities that anyone can offer to someone else is strong character. Character is what gives individuals the power to make the right choices. The course of our lives is determined by our choices, and our choices are determined by the depth of our character.

People of strong character have integrity, which means that they are true to themselves and to everyone else. Integrity means that there is value in a person's promise or commitment because the person follows through. You might find that people of integrity make promises sparingly. But when they do make them, they keep them. You can have the most valuable skills on earth, but if you cannot be trusted, what good are you to anyone?

Some people may feel that integrity will prevent them from making money. In fact, there is a common misperception that millionaires are dishonest and crooked. Perhaps that is because of the media reports on the misdeeds of a few bad apples. Author Thomas Stanley has spent 20 years observing and writing about the habits of our nation's millionaires. Stanley notes in his book *The Millionaire Mind*, that a majority of millionaires (who live frugally, drive American-made cars, and enjoy long-term marriages) regard honesty and integrity as a major part of their success.

7. Doers Have Energy. How many of you are tired? It's been a long day; you've been at work or dealing with your kids. You are exhausted. How many of you are *always* tired? How many are just living from day to day, focusing on the time that you can get back into bed from the moment you get out of it?

Your body is like a battery. Did you know that right now, every cell in your body is generating power? The food you eat is the fuel. The challenge is to find ways to tap into each cell and generate even more energy. Ask yourself, "What did I eat for breakfast? Did I eat breakfast at all? What about lunch and dinner? What do I eat every day? How about exercising?"

Your body is the only tool you have. From your brain to your feet, it needs constant care. If you do not care for your body and treat it with respect, it will not perform the way it should. Imagine, there are people who take better care of their cars than their bodies. Eating right, exercising regularly (several times a week), reading good books (to exercise your mind) are all practices Doers find useful in maintaining good health. There is plenty of information on how

to live a healthier life. When you are healthy and taking care of yourself, you have the energy you need to achieve your goals.

8. Doers Communicate. What would you say is the most important communication skill? Of all the communication skills we have, the most important is our capacity to listen. The adage, "God gave us two ears and one mouth; thus, we should listen twice as much as we speak," is quite true. The term *listen* refers to more than hearing someone; it means understanding someone.

When people speak to us, give us their perspective, and share their concerns, frustrations, and joys, the most important thing we can do for them is to understand them. When there is conflict, it is not nearly as important for two people to come to an agreement as it is for them to understand each other.

How many of you can recall having a conversation in which you were thinking about what you were going to say while the other person was speaking? Everyone has done it; it is a bad habit for a lot of people. When another person is speaking, it is time to set your own agenda aside and put yourself in the other person's shoes. Then confirm that you have understood by giving the person your interpretation of what he or she said. When you have demonstrated that you understand the other person, you open the door for him or her to listen to you.

How important is listening? If parents made the habit of listening more often to their children, it could dramatically reduce drug abuse¹⁰ and perhaps other ills that plague our youth. Countless relationships would heal and begin to thrive. Financial services advisors would greatly increase their commissions. In situations of conflict, communication is not about winning an argument. (When was the last time you actually won an argument?) It is about understanding one another with empathy, with love, and with compassion.

9. Doers Take Responsibility. Taking responsibility for your life is liberating. Doers assume full responsibility for the results they produce. It is often said that the moment John F. Kennedy became a true leader was during the Bay of Pigs crisis. As president, he ordered a military operation that failed utterly. When he had to face the American people, he did not

10. University of Illinois at Urbana-Champaign: "Parents need to listen to their teens before the teens will listen to them," accessed August 8, 2006, from www.news.uiuc.edu/news/04/0318teens.html.

hesitate or place blame on anyone else. His answer was simple: "I am your president. I am responsible."

In your life, you will make mistakes and you will have successes. Assume responsibility for each.

10. Doers Are Courageous. To succeed as a financial advisor requires taking risks. Setting foot into a realm where the outcomes are unpredictable is frightening. Fear calls for courage.

Courage is defined as "mental or moral strength to venture, persevere, and withstand danger, fear, or difficulty." When you have courage, you will persevere and overcome the obstacles you face.

Are you afraid to call someone you do not know very well and ask him or her to meet with you? That is normal. But when you have passion, vision, and integrity, you will look past the fears and obstacles and act courageously.

Hurdle #5: The Inherent Difficulties of Prospecting

Perhaps none of the previous four hurdles are stumbling blocks for you. You recognize the value of what you are selling, you do not fear rejection, you know what to do and how to do it, and you are most definitely motivated. Then why is prospecting so difficult? Maybe the hurdle is that prospecting is inherently difficult. Certainly, if it were easy, everyone would be good at it.

Prospecting is an activity that requires skill and technique just like playing golf, basketball, chess, or a musical instrument. You can learn the prerequisite skills fairly easily. But to excel takes hard work, dedication and practice.

To be sure, there may be advisors who have a natural ability to prospect. But nothing replaces a commitment to hard work and practice. Michael Jordan is arguably the greatest basketball player of all time. Yes, he had a tremendous amount of natural ability. But the reason for his dominance was his relentless pursuit of perfection, demonstrated by the quantity and quality

of time he spent practicing, working on overcoming his weaknesses.¹¹ The same holds true with prospecting.

To pinpoint your prospecting weaknesses, you must focus on the marketing activities that prospecting involves:

- identifying specific needs and wants your products and services can meet
- defining groups of customers who have those needs and wants (target marketing)
- creating or customizing a solution that will meet those needs and wants effectively (defining a value proposition)
- creating and articulating messages that raise prospect awareness of these needs and wants
- positioning in the prospects' minds your ability to meet those needs and wants (preapproaching and creating awareness)
- identifying and contacting individual prospects with whom to meet (setting appointments)

value proposition

Assess yourself honestly. How good are you at generating appointments that do not result in cancellations and no-shows? If you are experiencing many cancellations, this indicates your prospecting activities are deficient. What part of the overall process of prospecting do you find the most difficult? If this seems rather vague, then analyze how you achieve the marketing objectives listed above. Describe the activities related to each objective, and grade your performance in completing them. Furthermore, evaluate the activities themselves for effectiveness and relevance. Pay special attention to how well you have defined a distinct target market and your corresponding *value proposition*, a compelling reason to conduct business with you, to that target market (the second and third objectives). Most business enterprises fail to accomplish these two objectives.¹²

11. Art Thiel, "Michael Jordan: Modern-Day Icon," accessed August 11, 2006, from www.nba.com/jordan/jordan_icon_thiel.html. Jordan's head coach, Phil Jackson, said, "The thing about Michael is he takes nothing about his game for granted. . . . When he first came into the league in 1984, he was primarily a penetrator. His outside shooting wasn't up to pro standards. So he put in his gym time in the offseason, shooting hundreds of shots each day. Eventually, he became a deadly three-point shooter."

12. Kotler, p. 4.

Once you have identified your weaknesses, focus on improving them until they become strengths. In this way you will overcome the inherent difficulties in prospecting.

UNDERSTANDING THE PROSPECT

It is assumed at this point that you have identified your hurdles to prospecting and are acting to overcome them. Thus, you have (or are committed to obtaining) an in-depth understanding of, and a missionary zeal for, how your products and services enrich people's lives (hurdle number one). Again, it is important to be able to articulate the value of any product you offer and what you personally can achieve for your clients. The next step is to know your prospects.

Knowing your prospects means understanding how prospects make buying decisions, what motivates them to buy, and what motivates them to purchase from you instead of your competition. Then you can discover and customize specific ways to identify prospects, create awareness of their needs, pre-approach them, and approach them. Ultimately, you will apply what you learn from the discussion of these topics to specific groups of prospects and to individual prospects (discussed in later chapters).

How Prospects Make Buying Decisions

buying process

Like the selling/planning process, the buying process provides a map for understanding the sale—this time from the prospect's perspective. Marketing expert Philip Kotler divides the *buying process* into five stages:¹³

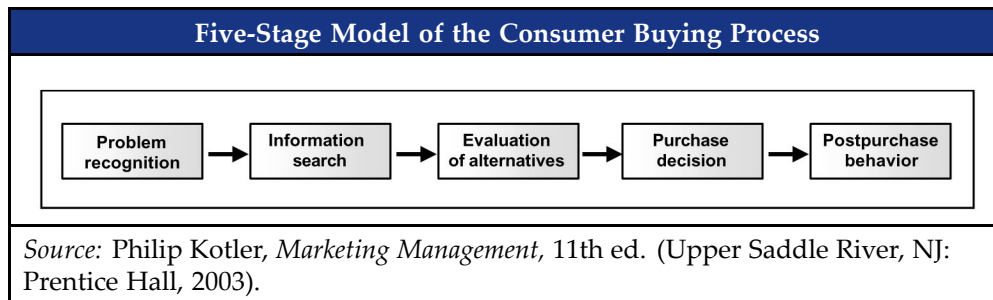
- *problem recognition*. The prospect becomes aware of a problem or need.
- *information search*. The prospect searches for relevant information to quantify the need and the possible solutions.
- *evaluation of alternatives*. The prospect compares the alternatives using various criteria.
- *purchase decision*. The prospect selects a product or service.
- *post-purchase behavior*. The buyer is either satisfied or dissatisfied. Satisfaction leads to future purchases and referrals.

13. Ibid, pp. 204–209.

The following discussion explains these five stages more fully.

Problem Recognition

Most of your prospects will be in the problem-recognition stage when you contact them. Problem recognition for financial services products does not involve a physiological response, like hunger or thirst. Instead, problem recognition is triggered by some external stimulus. It could be an experience, event, exposure to relevant information, and so forth. Triggers often result in an emotional response. It may take a combination of triggers before a prospect recognizes that he or she has a need and begins searching for information. But sometimes an event is so powerful that it pushes people to act. For example, estate planning advisors had advocated the importance of a living will long before the Terry Schiavo controversy. But Ms. Schiavo's situation served as the compelling force that motivated many people finally to create one, resulting in a substantial increase in the number of individuals who were seeking information and drafting legal documents to address end-of-life issues.¹⁴



Information Search

A prospect in the information-search stage will proactively seek relevant information, or he or she might be open to an advisor's offer to discuss the particular matter with him or her. Sources for information other than an advisor include friends, relatives, books, newspapers, journals, broadcast media, the Internet, and so forth. During this phase, the prospect is looking for guidance regarding aspects of his or her financial need such as the following:

- What is the nature of the need?
- How do I quantify it?

14. John Schwarts and James Estrin, "Many Still Seek Final Say on Ending Life," *The New York Times*, June 17, 2005, late edition—final.

- What are my options for meeting it?
- What have others in my situation done?
- Who can provide the solution?

Evaluation of Alternatives

After the prospect has gained an understanding of the alternatives, he or she will compare them using various criteria that will be different for every prospect. Possible criteria are as follows:

- price
- relevant benefits (for example, the ability to receive premiums back if long-term care benefits are never used)
- performance (quality)
- convenience (ease of obtaining)
- company's reputation
- advisor's reputation

Prospects often never reach this stage because they do not feel confident that they have fully understood the need and possible alternatives. Many who do reach this stage never make a purchase because they cannot adequately evaluate the alternatives to feel confident enough to buy.

The complexity of the tasks in the information-search and evaluation-of-alternatives stages underscores the important role advisors play to help prospects realize and protect their dreams. However, prospects' natural distrust for strangers (you) who want their money creates unquestionably the greatest obstacle to addressing their needs.

Purchase Decision

After evaluating the alternatives, the prospect makes a decision to buy. For financial services products, the purchase decision signals that the buyer's confidence in his or her purchase has exceeded (for that moment) the potential regret of being wrong.

Regret is a function of the perceived (real or imagined) potential consequences of the known alternatives.¹⁵ More often than not, it comes down to cost and value. The buyer perceives, at the moment of purchase,

15. Ron S. Dembo and Andrew Freeman, *The Rules of Risk: A Guide for Investors* (New York, NY: John Wiley & Sons, Inc., 1998) p. 80.

that the benefits of acting now outweigh the potential regret associated with paying too much, receiving too little in value or a combination of the two.

In general, the greater the potential financial and emotional consequences or benefits relative to the prospect's situation, the higher the regret associated with being wrong.

EXAMPLE

A prospect who balks at the cost of a comprehensive financial plan feels that the potential benefits of creating such a plan do not outweigh the perceived risk of paying \$1,500 for a plan that he or she could find impractical or unworkable.

Post-purchase Behavior

Many financial advisors overlook the prospecting possibilities in the post-purchase-behavior stage. It is in this stage that three significant buyer behaviors can occur: First, the buyer may purchase other products (or more of the same one) from the advisor. As noted earlier, a repeat buyer includes a renewal of annual retainer and asset management fees. Second, the buyer may refer prospects to you. Third—the objective from the onset—the buyer may become a client and do both.

What Motivates Prospects to Buy

Understanding what motivates prospects to buy financial products and services may also shed some light on why they would agree to meet with advisors in the first place. Motivations involve psychology—the body of knowledge that attempts to explain how people's thoughts, feelings, and emotions affect their behavior. The following is a brief synopsis of human motivations for meeting needs, based on the work of Abraham Maslow.

Maslow's Hierarchy of Needs

Maslow's hierarchy of needs

Abraham Maslow's theory proposes that human motivations for meeting needs can be best described by a hierarchy known as *Maslow's hierarchy of needs*. Maslow identified five primary needs that every individual strives to satisfy and the order in which those needs arise. The five needs, in ascending order of importance, are shown in the figure below.

Physiological. Physiological needs are for food, water, air, shelter, and clothing. People who want any of these things are first preoccupied with attaining them. Only after these basic needs are met can the individual consider satisfying higher-level needs. You have only to remember stories of families caught in a war zone without shelter and food to visualize this level of need.

Security. Security needs are for safety, stability, and the absence of pain or illness. Again, people with these needs become preoccupied with satisfying them. Many workers require medical, unemployment and retirement benefits to help satisfy needs in this level of the hierarchy.

Affiliation. Affiliation needs are for love, affection, and a feeling of friendship and belonging. When the physiological and security needs are satisfied, the social or affiliation needs arise to motivate individual behavior. These needs are most evident in a person's conduct as it relates to job satisfaction, work ethic, team participation, family ties, and general well-being.



Esteem. Esteem needs include personal feelings of self-worth, recognition, and respect from others. People with esteem needs want others to accept them for what they are and to view them as capable. The needs are fulfilled when the individual receives recognition and feedback from others regarding his or her competence and ability.

Self-Actualization. Self-actualization needs are the highest in Maslow's ranking. They are the needs for self-fulfillment and the realization of personal

potential. People who are striving for self-actualization usually accept themselves and others, are superior at problem solving, are more detached, and have a desire for privacy. One irony is that people driven by ambition often willingly sacrifice everything to achieve their quest.

Maslow added four basic assumptions to this hierarchy of needs:

- Satisfying a need is not enough. Another one will always arise. People are always trying to satisfy some need.
- An individual's needs are usually complex, many times involving more than one level. These needs drive behavior and personality.
- The most basic needs must be satisfied before higher-level ones are strong enough to drive behavior.
- There are more ways to satisfy higher-level needs than to satisfy the most basic ones.

This is important. Review these points again because you have just read the key to understanding prospects' buying behavior and, consequently, what might motivate them to meet with you.

What Motivates Prospects to Buy from You

Ask your clients, "Why did you choose me over others who do what I do?" You probably will not hear, "You had the right product to meet my needs," or "Your price was the lowest." Although the logic and price buyers are out there, your clients most likely will respond with answers such as

- "I like you."
- "You're a professional."
- "I feel comfortable with you."
- "I believe you understand my needs and care about me."
- "I trust you."

As mentioned earlier, one of the greatest barriers that prevents prospects from buying your products and services is that they do not know you and, therefore, do not like and trust you. Ask yourself this question: Have you ever done business with another person or place of business because you *liked them better* than other, even cheaper, alternatives? Would you rather pay an honest mechanic a little more than a mechanic you are not sure you can trust? Your answer to both questions is probably, "Yes." The reason is simple. When you like another person, you enjoy being around him or her. If that person became unlikable, it would push you away from him or her. Similarly,

when professional advice is required, you want to know you can trust the professional giving it—especially when you have little or no expertise yourself.

Financial services products seem complex to the average prospect. The process of evaluating needs and alternatives and then making decisions requires more expertise than most prospects have. In addition, these financial decisions often involve large outlays of money. Thus, there tends to be a very high threshold that an advisor must surpass in order for the prospect's confidence in the advisor to exceed the prospect's fear of regret. Furthermore, personal finances are just that—personal. Not many people would entrust such personal matters to someone they do not like any more than they would to someone they do not trust.

Think about it. All other things being equal, with whom would you entrust your \$100,000 inheritance or \$4,000 a year Roth IRA contribution? A total stranger? A stranger whom your friends recommend to you? Someone you already know? Someone you already know and like? Someone you already know, like, and trust?

Why people buy from you is greatly influenced by your personal brand—that is, your reputation. That means that it is important to ask, "What do you want your personal brand to be? What reputation do you want to precede you?" Your personal brand should reflect your personal traits, experiences, hobbies, interests, and so on. But there are some elements of reputation, related to personal conduct, that are universally applicable to all advisors. Without these core qualities, advisors will find it difficult to gain the trust and respect of those to whom they market. Consequently, it will affect their sales and/or retention. Let us review a few of those core qualities.

1. *Be Punctual*

Show up on time. Do not make people wait. Lateness can be interpreted as disrespect. When you make a habit of not showing up on time, you send one or more of these messages:

- I am lazy.
- I am disorganized.
- I have no regard for your time.
- I have no respect for you or me.

Punctuality is tied to many character traits. When you are punctual, you reflect other essential traits of strong character and likability, as follows:

- *humility*. You are not perceived as arrogant, selfish, or conceited. You do not see yourself as the center of the universe, and you keep your ego in check.
- *empathy*. Because you respect other people, and their time, you place yourself in their shoes. You are constantly working to see things from other people's point of view.
- *caring*. You care about others.

2. Be Honest

Honesty is about saying what you mean and meaning what you say. It is about truthfulness, character, and integrity—qualities of a doer discussed earlier. If you are not true to yourself and everyone with whom you come in contact, everything else you offer is worthless. What good is your word if you cannot be trusted and cannot be relied upon?

3. Be Polite

Treat others as you would like to be treated. Always say "Please" and "Thank you." Be positive, laugh often, and be upbeat. Act likable. Be the kind of person that others enjoy being around.

4. Be Responsive

Reply immediately to all telephone calls, voice mails, pages, faxes, and e-mails. In the minds of your clients, friends, and prospects, a prompt reply is a welcomed gesture. Responsiveness is a strong character trait that you should always emulate.

Impact on Prospecting

How prospects make buying decisions, why they buy, and why they buy from you should have a clear impact on the following marketing activities associated with prospecting:

- identifying prospects
- creating awareness (preapproaches)
- approaching prospects
- servicing buyers and clients

What follows is a brief summary of a few of the more important applications from the preceding material. The rest of this text will develop these concepts more fully.

Identifying Prospects

Most of your prospects will be in the problem-recognition stage of the buying process. If you identify the problem-recognition triggers, you will have a profile for prospects who need your products. Some of these triggers have a greater likelihood of affecting certain groups of people who share some common characteristics. This is the basis for identifying target markets and identifying specific prospects to contact. For instance, parents of young children have a great need for life insurance. There are several sources of such prospects: local elementary schools (public or private), day care centers, youth sports leagues, and so on. Some prospecting methods will work better for you than others. Therefore, select methods based on your target market and your particular strengths.

Creating Awareness

As mentioned repeatedly, people typically entrust their financial matters to advisors they know, like, and trust. This means that prospects need to know who you are, have a favorable impression of you, and have some basic level of trust and respect for you. Therefore, defining and promoting your personal brand is mission critical for successful prospecting and selling. Furthermore, awareness strategies that feature more personal interaction between you and prospects are more effective than Yellow Pages advertisements and billboards.

Likewise, most financial products are not demand products. Not everyone who needs a particular financial product experiences a life event that causes him or her to acknowledge a possible financial need. In addition, even when life events occur apart from other triggers, they typically do not cause problem recognition. Thus, advisors need to create and implement strategies that help trigger prospects' recognition of their needs. Without recognition, according to the buying process, prospects are not going to buy.

Prospects' motives to meet with you are generally the same as the ones that provoke them to buy. Thus, messages designed to increase awareness of financial needs should incorporate relevant facts and appropriate motivations, using Maslow's hierarchy of needs as a guide.

EXAMPLE

An affluent prospect is generally not going to respond to appeals that satisfy his or her physiological and/or security needs. Therefore, your awareness message should focus on this prospect's affiliation, esteem, and/or self-actualization needs.

The following table compares the advertising message for the 2010 Hyundai Accent and the message for the 2010 Mercedes E350. Note the different needs that each message addresses.

| Table 1-3 Sample of Message Differentiation | |
|---|---|
| Advertising Message | Maslow's Need(s) |
| Hyundai Accent | |
| <p>“Backed by America’s Best Warranty...” “Accent was named a Best Car Buy for 2009 by NADAguides.com among top Subcompacts under \$15,000.” The Accent 4-Door’s price might be entry level, but its safety features are not...” “It’s also thoughtfully green, a certified Ultra-Low-Emission Vehicle (ULEV)...”¹⁶</p> | <p>Security, physiological (affordability) Key words/phrases: green, entry level, best buy</p> |
| Mercedes E350 | |
| <p>“From the feel of a premium leather-wrapped steering wheel to the look of exquisite, hand polished wood accents, the all-new E-Class Sedan communicates luxury from every angle. And now, it is also conveyed by a warm glow from beneath the dashboard and door trim—courtesy of a new interior ambient lighting system that both welcomes occupants to the cabin and aids eyesight during nighttime driving.”¹⁷</p> | <p>Esteem Key words/phrases: luxury, elegance, ambient lighting, warm glow, cabin</p> |

16. Hyundai Motor America, "2010 Accent," www.hyundaiusa.com/vehicle/accent/accent.aspx, accessed December 29, 2009 .

17. Mercedes Benz, "The 2010 E350 Sedan, accessed December 29, 2009.

Understanding the information-search stage can enable you to identify where and how to create awareness of the products and services that can solve prospects' problems and promote your personal brand. Specifically, you can identify the sources of information to which prospects turn and the types of information they seek. Most likely, they are looking for third-party information from unbiased sources, like a neighbor, a family member, or a website. If you can identify those sources for a particular group of prospects, you may be able to establish a relationship (if the source is a person) or a presence (if it is some form of media). If neither is possible, then find ways to incorporate the information source in your marketing efforts. This could include quoting or referring to the information source in your communications and meetings with that group of prospects. Or it could mean referring such prospects to the information source, provided the source is credible.

EXAMPLE

Suppose you learn that some members of a group of prospects with common characteristics and needs have read Lee Eisenberg's *The Number: A Completely Different Way to Think about the Rest of Your Life*. You could use the book to market yourself and your products in any of the following ways:

- Quote from Eisenberg's book in your communications to this group of prospects.
- Use the book as a basis for a book club.
- Create a seminar around the book.
- Send it as a gift to prospects who are members of this group.

Financial advisors must create awareness to prospect effectively. They need to select appropriate and relevant methods and strategies to generate problem recognition, product awareness, and appreciation of their personal brand.

Approaching Prospects

The ways that you approach prospects to ask for appointments must complement each prospect's behavior and motivation. Obviously, your approaches will be more effective when you contact prospects who are familiar with you and find your personal brand appealing, such as prospects

who have been referred or introduced to you by a client or someone highly respected in the community.

Appointment-setting success really begins with the source of your prospects. However, the content and mechanics of your approach are also critical. Your approaches should reflect the most probable motives the prospect would have for conducting business with you. Your mechanics should reflect your professionalism and personal brand as a trusted advisor. Because every contact with prospects early on is crucial, it is necessary to have a well-thought-out plan and, of course, to practice.

Servicing Buyers and Clients

Finally, because referrals are integral to effective prospecting, you need to provide the type of service that is not merely efficient and good; you must implement a service strategy that cultivates relationships. Furthermore, trust determines whether or not people will become clients. Your customer service strategy must build your reputation and establish your personal brand, the fundamental elements of which must be integrity and ethics.

CONCLUSION

This chapter explained the relationship between marketing, selling, and prospecting. It also described the role that prospecting plays in the eight-step selling/planning process designed to create clients—repeat buyers who refer you to others. Understanding these relationships can help you define the necessary tasks for effective and efficient prospecting, thus generating more clients.

The chapter looked at the psychology of prospecting, beginning with an exploration of five psychological hurdles to prospecting. Because prospecting is difficult for most advisors, it is vitally important that each advisor identify his or her individual hurdles and devise ways to overcome them.

Finally, the chapter examined the psychology of the prospect—how a prospect makes buying decisions, why the prospect buys, and why the prospect buys from a particular advisor. The discussion concluded with a look at the implications of this psychology on the marketing activities associated with prospecting, which will form the basis for the chapters that follow.

The primary objective of this book is to enable you to develop prospecting skills, as you have developed other skills such as riding a bicycle. When you

were first learning to ride, you had to overcome your fear and concentrate on each small step in the overall process. Now you can ride a bicycle confidently, and your focus is on where you are going. In the same way, prospecting requires you to overcome your fears and focus on each particular aspect of the process. But as you persevere, prospecting will become a lifelong habit, a daily routine, and a means to achieve your goals rather than an end unto itself.

CHAPTER ONE REVIEW

Key Terms and Concepts are explained in the Glossary. Answers to the Review Questions and Self-Test Questions are found in the back of the textbook in the Answers to Questions section.

Key Terms and Concepts

| | |
|--------------------------|-----------------------------|
| marketing | client |
| selling | brand |
| prospecting | value proposition |
| prospect | buying process |
| qualified prospect | Maslow's hierarchy of needs |
| selling/planning process | |

Review Questions

1. Describe how prospecting directly affects selling and planning success.
2. Discuss the relevance of service to clients within the context of prospecting. What does service have to do with prospecting?
3. Explain the relationship between marketing, selling, and prospecting.
4. List the four criteria for a qualified prospect and explain their importance.
5. Describe two ways to overcome a lack of conviction.
6. Explain two ways to overcome the fear of rejection.
7. List the 10 characteristics of a doer.
8. Identify and briefly describe the five stages of the buying process.
9. Define the different needs in Maslow's hierarchy of needs.
10. Describe two ways to apply information on prospect behavior to the four marketing activities associated with prospecting.