The Prospecting Approach that Works Today

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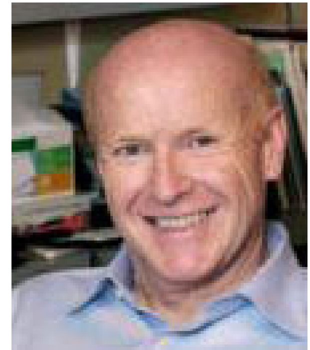

A few weeks back I was asked to talk to a training class of new advisors about the fresh reality in what it takes to attract prospective clients.

Historically many advisors thought of conversations with prospects as an event.

You'd ask for a meeting on the phone – and you'd either succeed or fail.

Or you'd meet with prospects – and if they didn't sign up at the conclusion of that meeting, it was a failure.

The problem with viewing a prospect conversation as an event is that you have to ask for a firm commitment at the end of any interaction – whether it is a request to meet when talking on the phone or asking for a decision to invest when meeting face-to-face.

All too often, that request will be premature – and if it's too soon in the process, the prospect feels under the gun. Feeling pressured gets prospects' guards up and will typically lead to a poor outcome; that's especially true given today's general increase in scepticism towards the financial industry.

Happily, there is a solution – and that's to change your thinking about the fundamental nature of prospecting.

A process rather than an event

More and more, advisors will have to think about prospecting as a process rather than an event, and view it as a pipeline, in which your goal is to foster trust with prospective clients.

There are three components to a pipeline.

First is getting people into the pipeline – which means getting their agreement to receive communication from you.

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Second is moving prospects through the pipeline by communicating in a way that builds trust.

And finally is getting prospective clients out of the pipeline, something that typically starts by getting agreement to meet.

Getting prospects into your pipeline

Based on a recent conversation with an advisor who has applied this approach to his business, here's how this might work.

In early 2009, he began sending his clients an email each month with links to three or four interesting articles and short videos – some from his firm and some from outside sources. Those emails got an immediate positive response from clients.

Once he saw the reaction from clients, he began thinking about others to whom he could send these emails.

He spent a Saturday morning in March of last year putting together a list of all the clients he'd lost in the last while and prospects he'd talked to who hadn't signed on, as well as people he knew casually who he thought might be good candidates to be clients.

The following Monday, he went into the office and began calling everyone on the list, with this low-key approach:

"In light of the volatile markets, each month I've begun emailing clients three or four particularly interesting and useful articles and short videos from publications like Fortune, the New York Times and the Economist.

My clients have found these useful and it occurred to me that you might be interested in receiving this monthly email as well. I'm calling to see if I can add you to the distribution list for this email."

The response was generally positive – most said, "sure, no problem, I'd be happy to get those emails.:

This advisor commented that he'd always been very uncomfortable calling people he knew and asking for a meeting. He found this call much more comfortable and easy to make, because it was low key, low pressure and offered something of real value.

As an aside, today most magazines and newspapers allow and in fact encourage you to email links to articles without cost, making their money off advertising – although of course you may still have to go through a compliance approval process for anything you send.

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Some publications have announced they're shifting to a premium content, user-pay model in 2011 – but for the moment clients can view online versions of articles you send from most publications. (Notable exceptions are the *Wall Street Journal* and *Barrons*.)

Moving prospects through a pipeline

Once someone agreed to receive information, they were in his pipeline.

Next, he began emailing links to those monthly articles and videos. By doing this, he was building his trust and credibility, essentially moving people through his pipeline.

He had made an offer, they'd said yes and he was delivering. Second he was providing real value. And third, he was borrowing some credibility from those third party sources.

Further, with every monthly email that prospects received, he was reinforcing his top-of-mind awareness and reminding prospects of the value that he delivered to his clients.

A note of caution: Some advisors refer to this as "dripping" on prospects, essentially wearing them down through persistence. That's the wrong way to view this process – instead, think of this as nurturing and cultivating prospective clients.

Getting prospects through the pipeline

The final step was to get prospects through his pipeline.

In September, six months after his initial conversations, he contacted all the people who'd been receiving the emails.

When he talked to them he said*, "Back in the spring, you expressed interest in receiving the monthly emails I'd been sending clients. I'm calling for a couple of reasons.*

First, I wanted to be sure that you were finding these emails useful and wanted to keep receiving them."

And indeed, almost everyone said they were finding the articles useful.

Next he asked if they had any questions on the last group of articles and videos he'd emailed – almost all said no, they had no questions.

Then he got to the real crux of the call.

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He said: *"The other reason for my call is to see if you'd like to sit down in the next three or four weeks to talk about your own situation and perhaps to get a second opinion on your portfolio."*

Some people said yes, but most said they were fine or too busy to meet.

When prospects agree to meet

Remembering that the prospects he had initially contacted weren't cold but rather people with whom he already had some form of relationship, his goal in the initial meeting was to increase rapport and to start building a better understanding of their financial circumstances.

He would then get to a discussion of how their investments were currently positioned. During that first meeting he took extensive notes and concluded by suggesting they schedule a follow-up meeting in about a week's time, so he'd have time to think about their situation.

At that next meeting, he'd come back with specific thoughts and recommendations – and typically conclude by asking prospects if they'd like to talk about moving forward to work with him.

About half the time, people said yes – in other cases they wanted to think about it or said they appreciated his time but were hesitant to make an immediate move.

When people didn't want to move right then and there, he said this was no problem, thanked them for their time and asked if he could contact them in a few months. He also asked if he could continue to send them his monthly emails in the meantime.

And when prospects didn't want to meet

Where prospects didn't want to meet on his first follow-up call in September, he said, "*No problem, is it okay if I check back in January?"* To which almost everyone said "sure, that's fine."

Meanwhile, his monthly emails kept him top-of-mind and set the stage for his next call.

One interesting question was the advisor's decision to wait until September to make that first follow-up call, six months after people had started receiving those emails.

His explanation was that he could have called in June – but wanted to be sure to give this enough time so that recipients felt the offer to send those emails was genuine and not just a pretext to call and ask for a meeting.

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Indeed, this advisor reported that one prospective client he reached said, *“I’ve been expecting your call.”*

The prospect pipeline in action

When we chatted, this advisor described one case that epitomized how the prospect pipeline process works.

In March of last year, he contacted a university classmate who had done very well and who he’d stayed in touch with over the years – this was not an instance of calling 20 years later and saying “*Remember me?”*

His university buddy had agreed to be put on the list. When he followed up in September, his friend had been too busy to meet, but agreed to a call in January.

This advisor followed up in early January, when they agreed to sit down. He subsequently signed the paperwork to bring the account over.

Afterwards, the advisor told his new client how pleased he was to have the opportunity to work together.

And then he said: “*You mentioned that you really weren’t that unhappy with the performance of your portfolio. Can you tell me what led to your decision to transfer your account?”*

His new client’s answer said it all*:*

“As I thought about it, I realized I was getting more good quality information from you than from my own advisor. I liked him well enough, he was doing an okay job and we’d meet from time to time, but I just didn’t feel he had the fire in his belly that you seem to have in terms of keeping your clients up to date on what’s going on.”

Two key takeaways

There are at least two key takeaways from this.

The first is that the world has changed when it comes to attracting new clients. Advisors are going to have to be more patient and think about client development as a process rather than an event, where your goal is to cultivate and nurture prospects over time.

Second, you need to add another measure to how you track progress in your business. In addition to clients, assets and revenue, all key measures of success, you’re also going to have to track the number of prospects you’re cultivating in your pipeline.

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In a sense, it's a bit like a major league sports franchise. The players on the field determine whether you'll win today, but often it's the prospects being developed in the minor leagues who will determine success tomorrow.

** Dan Richards conducts programs to help advisors gain and retain clients and is an award winning faculty member in the MBA program at the University of Toronto. To see more of his written and video commentaries and to reach him, go to www.clientinsights.ca.*

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