

SENIOR CONSULTANT

The Voice of the Investment Management Consultant

Time To Get On With It!

Jerry Rosenstrach

Editor's Note: So what do you do in a bear market? Jerry Rosenstrach has forgotten more about sales and marketing than most of us will ever know about it. Jerry was Director of Marketing Research and Planning for both Merrill Lynch and Prudential, and his 40-year career spans both good markets and bad. Jerry has seen it all, done it all, been there and done it. Most importantly, Jerry affords rare right-on-target insight into how one keeps and builds their client base in a bear market. This is not abstract thinking. This is time-proven advice on what works in a bear market, based on decades of evidence from focus groups, market research and successful practitioners. You've got to love Jerry's colorful straight talk as much as his authoritative grasp of sales and marketing.

Okay, enough, let's stop listening to all the BS from the ivory tower and get down to bare facts. Are you a philanthropist with an unfettered, altruistic "I will preserve your financial future" belief? Is that why you went into this business? I think not. You most probably became a broker or financial advisor because you felt that you could make a boatload of money and maybe even retire early.

Among investors, marketing research positions you as a broker more often than as a consultant, regardless of what you call yourself, and this is the only position that is important. That is, you are whatever is in the mind of the user, period.

This is not to say that you don't care about people. It is simply being honest. You're simply following the long-standing adage that "nothing happens 'till a sales is made!" You know that after all is said and done, you still have to eat and pay your mortgage, and unless people buy something, you don't make any money.

Still being around in today's bear market means you're pretty good at making a living. And it's probably because you're *protecting* your clients from competitive infringements, *retaining* them within your fold and being so good at what you do that you are *attracting* people with money who want to do business with you. These three umbilically connected concepts (protect, retain and attract) form the crux of your business. Given that you know your products, these three concepts form the pinnacles of your success.

Protect Your Clients From Competitive Infringements

Every client research study I conducted, while at two major wirehouses and one old-line regional firm, revealed that the main reason people were doing little/no business or had moved their accounts was because they never heard from you after the account

was opened. Worse yet, they felt disrespected because your *not* calling made them feel their account wasn't big enough to be important. So, why should you be surprised if they do little/no new business with you or if they just simply moved their account? This shouldn't be a revelation. You'd do the same thing, wouldn't you? None of us would buy from a store, company or person who didn't respect us, and we can't wait to pass the message that we've moved our account for "something better".

The dominos are in place on this one, and negative remarks travel like ripples on a lake. The psychic reward of being a good guy is immediate, and the client wants to prevent someone else from being shafted by a disrespectful so-and-so. Even if it doesn't turn out that way, a casual negative comment always gets people to be more attentive about their own circumstances than they would normally be.

Retain Your Existing Clients

Conversely, everyone knows that you're not omniscient, that you don't have tomorrow's paper today and that not everything always works out as planned. But at least you call, before and after a transaction, and you even call when there's no commissions or fees involved. That's not a novel concept. It's what you and I expect from others. It's the way you get to keep your business.

To carry this one step further, you should be aware that there is something called Post Purchase Trauma. It's that gut-fluttering feeling you experience after you've spent or invested a sizeable amount of money. Most of us have experienced it at one time or another. An after-the-fact call to your client tends to eliminate this gastric indigestion, and you become a hero ... and potentially the recipient of some good word-of-mouth publicity – all at the cost of a phone call and the time to make it. Mountains of payback.

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Attracting New Clients

When it comes to investing, I'd rather tell someone to avoid using a person than to recommend one. I'll never be condemned for the former, but one glitch in the latter could be detrimental to a friendship. On the other hand, I would never be reluctant to tell a friend that you call often, that I know what "you look like" and that I feel that you are on top of things. You really don't need much more than that to get started, do you?

Lesser Logic

The concept of Lesser Logic is just this: "When you are known for one important thing and you do that well, you will be associated with many." You will be recommended.

This is not SSDD (same stuff, different day). There is documented proof from thousands of people who participated in focus groups and phone/mail surveys.

Another irrefutable revelation for brokers was that almost everyone had more money invested than any one broker knew about. Yes, even your best friends won't tell you "what, when and where" they have money invested. And that's a fact. But they will talk behind your back.

Surveyed investors had more "other accounts" than any one broker knew about. When investors were asked whether the broker in-question knew this, over 80% of the clients said, "No. He/she never asked so why would I tell him/her?"

What does that tell you? Right, if you don't ask, you'll never know. Besides, how good can you really be in the quest for gathering assets if you don't know how much money a person has? I know, they might not tell you about "everything" they own and especially not how much money they have invested, but this is okay because more will tell you than you can imagine. You won't get all of it, but you know what? If you stay in contact, when the other guy stops calling, you just might wind up being the winner because of the other guy's lack of professionalism.

Communicate!

By the way, personal, hand-signed letters – which is a piece of cake today with the aid of a

computer – are unequivocally better than having your assistant call. Why? Because the letter is directly from you. Having your assistant call tells your client that he/she is not important enough for you to call. There are obvious exceptions, like sending out checks or getting withholding information for retirement plan withdrawals, etc., but remember that the client sees you as the "head honcho" and you don't want him to feel disrespected when it comes to asset-gathering.

So, what do you do? In today's climate, you get on the phone! Call at night, every night with the exception of Saturday. People have time to talk at night. In fact, when the weather is crummy where you are, you can call Sunday morning at 10-11 a.m. Don't think so? Pick 10

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clients and try it. Have their statements handy and tell them you'd like to talk about a few things ... do they have the time? Think of some new concepts to discuss before you get on the phone. Be prepared and be ready.

The possibilities are endless. They will be amazed. They might actually have the time. They will talk about it to other people because it's human nature. If they don't have the time, they'll tell you a better time. They may even brag about having an incredible broker. You will be unique. Again, it is the concept of Lesser Logic.

The 50/50 Marketing Plan

Let's talk about a real easy program to implement. Don't complicate it. It's called 50/50.

For the sake of this discussion, identify 50 clients you will call Thursday night through Sunday. Cull them as follows: 20 "best" clients, another 10 who "should be better/reluctant clients", an additional 10 clients "whom I haven't been called back in a long time", and 10 more clients whom "I should have called but

didn't because things went sour for them." This number is more than manageable.

These 50 calls will produce at least 10 who will speak to you about some business on Monday morning. Repeat the process every Thursday. If you don't like the segments, change them. Be realistic about whom you are calling. Your future depends on it.

Just keep in mind that you are not the only one calling them. Whenever it's comfortable, ask the client if they know someone who would like to talk to you now. This produces business and referrals.

Develop a set of objectives for each calling program. The objectives have to be measurable in order for you to determine a success quotient. If they are not measurable and actionable, you're spitting upwind. As Steven Drozdeck, president of The Progress Center, would say, "If you can't measure it, you can't monitor it; and if you can't monitor it, you can't manage it."

Keep it simple.

This program has always worked. It works even better when people are reluctant to call. So, NOW is the perfect time. For other things you can do to "protect, retain and attract" clients, go to www.TheProgressCenter.com. Your

bottom line will increase substantially when you combine the above program with others offered at The Progress Center. If I can personally help you, contact me at 914-584-3165 or JRosenstra@TheProgressCenter.com. ■

About the Author

Jerry Rosenstrach helped found the Marketing Research Department of Merrill Lynch and was instrumental in establishing direct marketing and selling by seminar at Bache (now Prudential Securities). He has consulted for numerous financial services firms over the last 30 years, focusing on developing individually tailored programs for brokers. He also spent six years at a small regional firm as Senior Vice President of Marketing and understands the mentality of the smaller firms' advisors. Jerry has designed and implemented marketing and sales programs that have generated in excess of \$100 million in revenue. In addition, he has worked in senior management at several not-for-profit, health care organizations. Presently, Jerry is Executive Director of Marketing for [The Progress Center](http://TheProgressCenter.com).