

# SENIOR CONSULTANT

The Voice of the Investment Management Consultant

## Advertising, Marketing and Sales: Are You Covering All the Bases?

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Advertising, marketing, and sales. They're all basically the same thing, aren't they? Well, not quite. In fact, not at all! Granted, advertising, marketing and sales are all related, but in a different way than you might think. What's the difference in the three? Truth be told, each is part of a larger process. The mistake most advisors make, though, is in knowing (a) that each is a completely separate component and (b) which part of the process each component comprises. Even more confusing is the fact that each component has a separate process of its own within the overall process of generating business. Confused yet?!

The best way to think of these separate, distinct business generating activities is by visualizing the process as a pyramid. **Advertising** is the process by which you initially gain a prospective client's attention – the tiny tip through which you initially touch the client. **Marketing** draws them deeper into the pyramid. It is the process by which you invite them to find out more about you and your services. **Selling** is the process by which you actually secure their business.

Marketing also serves the additional function of continually building the relationship, much like how the monitoring function of the consulting process serves to continually assure your clients' assets are being well managed. It is the one process of the three that continues after the opportunity to develop a deeper relationship is earned (translation, after the sale is made).

Thirty years ago, the financial services industry had a product-oriented sales environment. Advertising led directly into the sales process, and there was no real need for marketing. When the consulting process was first introduced to retail advisors, firms still operated primarily on the old product sales mentality. Firms didn't really know what consulting was until the late 1980s and didn't truly wake up to the power of the consulting and adding value idea until the mid-1990s. Yet, even today, the industry is still selling product rather than marketing the broad range of investment and administrative values addressed and managed by finan-

cial advisors. The financial advisor is the value-added that investors buy, not financial products. Yet, if firms don't have a unifying value proposition for their advisors, their only recourse is to talk about financial products. Thus, marketing is not the traditional strength of the financial services industry.

Like a lot of other buzzwords in the industry, the term "marketing" has lost its meaning as few have taken the time to gain a full, in-depth understanding of what marketing is and isn't. Let's explore advertising, marketing and sales, define each one and show how each fits together in today's investment world.

### Advertising

*Advertising: The activity of attracting public attention to a product or business, as by paid announcements in the print, broadcast or electronic media.* An advertisement lets people know you exist. It gives them a thumbnail sketch of what you do and entices them to find out more. Your personal brochure can be thought of as having a slight overlap with advertising, but its purpose is much different so it is more accurately classified as marketing.

Advertising is part of the sales process that was used years ago. Not that it is ineffective today, but in a survey of Investment Management Consultants Association (IMCA) consultants conducted in June 2003, only 6.5% of respondents indicated they receive new clients as a result of advertising. On the other hand, 75.4% of respondents said they get new clients from client referrals. Educational seminars offered by consultants were credited by 21.2% of respondents. So, unlike years past, advertising is one of the least effective ways to get new clients, at least in the investment management consulting world.

Yet, many advisors spend inordinate amounts of money placing ads in newspapers and magazines that are read by their target markets, conducting direct mail campaigns and other ineffective, but popular, ways of advertising. Unfortunately, many of these advertising





media are classified as marketing, which leads advisors to expect one type of result, when their actions are eliciting another. After multiple thousands of dollars have been spent, they realize their efforts did not pay off, but the money is still gone. What they think is an investment in their businesses turns out to be a growing money hole. So they become disenchanted. If the disenchantment arrived after the first experience, it wouldn't be so bad, but advertisers continue to confuse the term "advertising" with marketing, so advisors continue to put great sums of money into something that will never work as they hope it will.

None of this is to say that advertising professionals should be taken out and shot! There is a definite purpose for advertising, and done correctly, it accomplishes exactly what it's supposed to do. But knowing what you should expect it to accomplish, knowing what the purpose of advertising really is and getting the results you desire can all be completely different things. It's exactly like managing the expectations of your clients. They hear all the noise in the marketplace, and you have to continually let them know what's possible and what's not.

It's also like expecting the kick-off to translate into a touchdown. It simply is not designed to do that! So what is advertising designed to do? Just as the definition says, it is designed to bring attention to a service or business. What do you think when you want to bring attention to something? One of the first things you think is letting people know that your service or business exists. If they don't know you're there, they can't develop much interest; and after they know you're there, they need a reminder now and then.

They also need to know about special events you're conducting. They need to know what topic the event will cover, where and what time the event will be held and other pertinent information. Other forms of advertising involve having a booth at an industry conference or trade show, sponsoring public radio or TV programs, sponsoring golf or other sporting events, sponsoring walk-a-thons and other community activities or charities – you get the picture. All of these events get your name out

there. They bring attention to you. They let people know you exist. And in the case of a community event, they offer a connection to the type of person you are or the quality of business you conduct.

## Marketing

Marketing is the source of good advertising campaigns, good sales, and the on-going relationship building process. Notice that marketing is the source of the advertising and sales campaigns; marketing is not the advertising campaign nor is it sales. It is the source of these campaigns as well as the on-going process that helps you build loyalty and longevity with your client relationships.

Marketing draws in clients; sales convinces them. Advertising attracts and draws in, but

**NOTICE THAT MARKETING IS THE SOURCE OF THE ADVERTISING AND SALES CAMPAIGNS; MARKETING IS NOT THE ADVERTISING CAMPAIGN NOR IS IT SALES**

only on the most superficial levels. Marketing draws clients in to find out what you can do to help them, who you are and what qualifications make you the right fit for their needs. Marketing is the most important aspect of the business building process. It implements your business plan, and when done properly, it draws in ideal clients for you. It helps you build deeper relationships with your clients, their children, their friends, their charities, and the list could go on and on.

Why is marketing not sales? Because the purpose of marketing is not to get the client to sign on the dotted line. The purpose of marketing is to get the client to want to sign on the dotted line, to ask you to let them sign on the dotted line. Effective marketing is the most powerful thing you can do for your business. Let's examine why.

Mitch held an educational client appreciation event for the top 10% of clients in his

target market. The event was well structured, it was something right in line with what his target market enjoyed doing, and the educational topic was something he had heard several clients express interest in lately. Several of the clients brought friends who were not yet on board with Mitch. After the event, Mitch was able to set several appointments with these new prospects. He gave them some material to look over before they came for their appointments and offered to answer any questions or address any particular concerns they had after reading the material.

As the new prospects came for their first appointments with Mitch, he encouraged them to tell him all about themselves, what their families were like, what they envisioned for their personal future, what they had experienced with other advisors and what they really

wanted from an advisory relationship. He then related some similar experiences he had had, talked about his own family, situations that he had been in that were similar to what they had experienced. When asked, he explained about his group's investment philosophy and how he liked to help his clients. At the close of the meeting, he asked what else he could do to help them. They asked if Mitch would mind taking a look at their investments, and Mitch responded with what he would need to make a conclusive

assessment. We could continue with this story, but let's take a break and look at all the great marketing things Mitch did. First, he held an event for his best clients that was truly focused on them. He scheduled activities that he knew they would enjoy, and he chose an educational topic that he knew was of interest. He had obviously built solid relationships with these folks because many of them brought friends, who, after liking what they heard, made appointments with Mitch to find out more. His brochure was top notch, focusing on the client and responding to their needs. His information packet was in sync with his brochure and had specific, client-focused information about how his team catered to a particular target market. Mitch also had credible, well-written, authoritative articles ghost-written for him, establishing his credentials.

Mitch used great marketing skills in focusing the initial meeting on the client and not on



using it as an opportunity to tout his group's great expertise in any area, or how successful they had been with other clients. He spent the majority of the time asking the prospects to talk about themselves. He paid very close attention to what they said. He related their experiences to experiences in his own life. Then, he invited them to ask for more, which they did. Now, let's look at another scenario.

John held a seminar for the top 20% of his book. He also put an ad in the local business journal about the seminar, sent reminder cards and had his staff follow up on the affirmative RSVPs the day before the seminar. He had invited 60 and was hopeful for a few more from the ad in the paper. Forty responded that they would attend, 20 actually showed up. Eighteen of the attendees were clients, and two were friends who had accompanied clients. No one had come from the advertisement.

After his presentation, John made an appointment with one of the client guests. His other clients patted him on the back and told him what a good job he had done and how much they had enjoyed the presentation. John was disappointed. He had been told that doing

seminars were one of the best ways to get new clients. He had spent a lot of time preparing his presentation and more than a few dollars providing drinks and appetizers. He was not happy with the return on his investment.

What made Mitch's event such a success and John's exactly the opposite? Several things. Mitch had done a lot of preliminary work to build solid relationships with his clients. He had hired a professional marketing consultant who had the experience and credentials in the financial services industry to help him create a marketing plan that would systematically implement his business plan, help him focus on his target market, keep him in touch regularly with his client base and educate them in the investment process and in the areas Mitch knew they had concerns.

Mitch had successfully groomed his client relationships to the point that they loved hearing from him (which they did often through Mitch's well designed drip system), were excited about attending the events he held and wanted to share the experiences with their friends. They wanted to help Mitch grow his

business so they invited friends they knew would be qualified clients in his target market.

John, on the other hand, had a business plan but no marketing plan. He sent out updates to his clients on a regular basis. He had spent a lot of money on direct mail campaigns and sent out a newsletter every quarter that was ordered from a marketing firm that could brand it with his firm's logo and his own team's name and information. John's efforts were uncoordinated, unfocused and had no consistent theme. They also came across as impersonal.

### Sales

Sales is the least of the three items that needs discussion, as we're all well versed in sales. The important point is that with a well-designed marketing plan that makes proper use of advertising and implements a consistent message of an advisor and/or team's unique way of serving clients, sales become a natural conclusion. No convincing needs to be done, the signatures on the dotted line just happen. By the time you get around to telling prospects about your value proposition, you're in the

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sales process. If your marketing has been done correctly, your prospects will ask you to tell them. You won't have to cut them off in their conversations, tout your or your team's successes or do many of the other tactics that advisors have "grown up" using to "close" a prospect.

The right level and methods of marketing will set up the sale for you from such a solid foundation that you will almost have to work to keep the sale from happening. That sounds like a lot to expect, but that's exactly how powerful marketing can be. How often does that happen in your world?

### Conclusion

In order to build a successful advisory services practice, you must continually market and pre-position your services, your value proposition and your values so that a much higher appreciation of your work is established before you even have a substantive conversation with prospective clients in your target market. Marketing establishes your niche in your target market(s), delineates the depth and breadth of your counsel and establishes you as an authori-

tative and definitive source for professional investment and administrative counsel.

Yet, marketing has become a lost art in the financial services industry because it requires a crisp/sharp value proposition at the advisor level, which requires an immense amount of work. The sharper you can define yourself, the more prospective clients you can reach, the faster your business will grow. Marketing is the lifeblood of your practice that warrants an investment of your time and effort. Marketing is the beginning of your managing your business, rather than your business managing you.

### About the Author

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