

## Converting leads into clients

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Every experienced senior advisor knows that converting leads to prospects and ultimately to clients can be much more difficult than it appears. In theory, at least, anyone above a specified age qualifies as a lead: Cynics call that the "fog-a-mirror" qualification method. While that approach probably will generate some viable prospects, the only result it usually produces is reduced productivity.

We asked several successful advisors to share their methods for generating qualified leads and converting those leads to clients. Their approaches vary, but in each case, the advisor has grown his or her business by following a clearly defined process that supports their business model.

### Quality leads equals quality prospects

List brokers can improve the quality of your leads by screening names according to pre-determined criteria, provided you use their services properly. John Melchinger, a Tampa, Fla.-based marketing coach to financial advisors, says it's critical to use market differentiation and segmentation strategies when working with a list broker. "If you're buying lists, you need to understand where the lists are coming from: what zip codes, what size homes, etc." he says. "You can find out some of those things and some you have to guess at to formulate a list. But if you spend a little more money and have the list sorted versus just getting as many names as you can for people over age 65, you will do much better."

Anil Vazirani, president and CEO of Secured Financial Solutions, LLC in Scottsdale, Ariz., works with list brokers to identify invitees for his seminars. He says advisors need to research their target market's demographics and then find a response company that can provide accurate lists and accurate reporting of the invitees' demographics. His method works: He estimates that the seminars generate roughly 35 to 40 follow-up appointments each month.

"If you give the response company the demographics and the zip codes, they will tell you how many prospects in that area meet the criteria," he says. "So when someone makes a reservation to attend a workshop, I know it's a client I want to work with because it was the demographics I had chosen and given to the mail company."

Seminar attendees are asked to complete an evaluation form that lists areas of concern and interest. The attendees keep a copy of their completed form; Vazirani and his staff follow up by phone. The caller reviews the areas of concern listed on the form with the attendee and books appointments with those who express further interest. At this stage, the caller does not probe deeply into financial specifics; that comes later, says Vazirani. "I ask them to share with me only accounts that are of concern to them," he says. "It sets you up perfectly because if they bring an account to the table that is of concern, there are two good things about it: a) they are concerned about the account, and b) they are willing for you to look at it to make a change. So in a very

professional and non-threatening way, you've pretty much isolated what account is of concern to them."

Vazirani works only with insurance products, primarily fixed index annuities, life insurance and long term care coverage. That business model allows him to keep the initial meeting with prospects focused on exploring their desire for secure accounts versus more volatile investments. Additionally, many insurance products are available for relatively low outlays, allowing Vazirani to work with clients across the wealth spectrum. "Many of the companies we work with, their minimum to set up an annuity is only \$5,000," he says. "Why should I deny somebody the opportunity of buying into an account if the insurance company has set its minimum to take the business at \$5,000? My job is to be a facilitator at that point." Christine B. Cooper, owner of Cooper Financial Services in Lutz, Fla., uses a mix of marketing methods to generate leads, although she does not host seminars. Her business consists of financial planning and sales of mutual funds, variable annuities and variable life. Cooper makes arrangements to speak before civic club meetings and community organizations; she has also started paying to place articles in local newspapers. She has found that audience members or readers who contact her in response to a presentation or article often qualify themselves when they explain why they have initiated the contact. Cooper does not set asset- or income-minimums for new clients; she focuses instead on prospects' readiness to work with her. "I take five minutes after a meeting I've spoken at to talk with someone and listen to what they have to say," she says. "I also screen prospects over the phone to find out whether they are really willing to take the time and the energy to go through a planning process. That's my screening process."

She estimates that roughly 95 percent of the leads she qualifies in-person or by phone agree to an initial meeting. At that stage, she evaluates their readiness again by asking married prospects to bring their spouse to the meeting; she also asks for details on their financial accounts. "Sometimes they bring in satchels of stuff," she says. "Pretty much, once they are in the office they become clients. I won't take a meeting with someone unless I know they are going to be a client within the next six months to a year."

### **Working with minimums**

In contrast, advisors offering wealth management services frequently set account minimums to qualify new clients, an approach that makes sense from a business-model perspective. For example, if an advisor earns 100 basis points on the assets under management, a \$100,000 account generates \$1,000 in annual fees. However, a \$1 million account throws off \$10,000 and it doesn't cost ten times as much to service the larger account.

Kevin Meehan, CFP, CLU, owner of Summit Wealth Advisors, LLC in Itasca, Ill., uses his firm's financial planning fees and asset management minimums to screen leads, all of which come from existing clients and professional contacts. He educates those sources about the type of client he is seeking to increase the likelihood the lead will qualify as a legitimate prospect. "We are very clear with our sources about whom we want to work with and what type of relationship we are looking to have," he says. "So we indicate to them the minimums within our firm and the range of revenue generation we hope to have to validate a client relationship. Our hope is that they will understand what markets we are interested in serving and so our referrals may be in smaller volume but more pre-qualified."

Meehan imposes several qualifying hurdles. First, he exclusively follows a comprehensive wealth management approach - he won't take clients who are seeking only investment

management services. Second, he charges a minimum \$2,000 fee that covers the first 12 months of the financial planning relationship. (This fee does not include investment management.) Third, he asks prospects to complete an in-depth questionnaire and gather numerous financial documents to bring to the first meeting. Finally, he uses a tiered system of investment account minimums, ranging from \$250,000 to \$1 million, to determine which of the firm's advisors will service the account. "We don't want to meet with prospects until they've done their homework and have seen the range of information we're looking for," he says. "Then when we meet, it's more a function of them determining if there is a personal chemistry."

Bedita D'Angelo, CFP, is president of Fiduciary Solutions, a financial planning and investment management firm in Durham, N.C. She receives leads from clients and from the national financial planning associations. She qualifies those leads during the initial contact, which usually takes place by phone. During that call, she explains that she asks all prospective clients to complete a questionnaire and submit financial statements two weeks before the first in-person meeting. She uses that information to prepare a preliminary financial analysis and recommendations, which she will present at the initial meeting.

The preliminary analysis isn't free, though: prospects pay a \$500 fee to cover the cost. After D'Angelo presents the analysis and her recommendations, the prospects can then choose to work with her or take the analysis and seek another advisor. The detailed information also lets D'Angelo decide if the prospects qualify for an ongoing financial planning or investment management relationship. If D'Angelo and the prospects decide to continue working together, she applies the \$500 to the first year's retainer. So far, she says, no one has refused to work with her on those terms. "Most people who are interested think \$500 is a small amount because I can tell them right up front whether I can do anything to help them with what they want," she says. "For people who want comprehensive financial planning, that is considered a nominal cost if it doesn't work out."

Your business model will influence how you qualify leads and convert prospects into clients. One thing is certain, though: failing to implement and follow a system will reduce your efficiency and make it more difficult to grow your business. "Most clients will respect that you have to have criteria," says Meehan. "They know we have a limited amount of time in the day, and every time we bring in a new client to the firm, we have less time for the people already here. People get that."