Bristol & West Investments Plc

Win over the mind and the assets will follow

Convincing a reluctant prospect takes a certain finesse. Studying body language and paying attention to signals will help secure the deal for the future

Bryce Sanders

Getting the prospect to say yes is not easy. You have the ability to look a person in the eyes and ask them for money. Few people in the world have this skill. The challenge is when prospects do not respond to strategies from training classes and textbooks.

Not every prospect responds to being walked through a multi-step investment process that builds the portfolio and asks for an agreement at the end. Sometimes a different approach is needed.

The common mistake is sending out the wrong message and undermining the prospect. Successful in life he has accumulated a substantial portfolio that he is proud of. The adviser utilises the investment process, reviews the financial plan and suggests a new portfolio. Everything the prospect owns should be sold and replaced with new recommendations.

The adviser is communicating: "You may think you are successful but everything you have done has been wrong. We are selling everything and starting over."

The adviser needs to bear this mind when reviewing the prospect's holdings. He needs to find at least one investment the prospect already owns that is suitable for the new asset allocation. He may own unit trusts to produce monthly income. The current holdings are good quality. Give the prospect something familiar to hold on to.

Assume if he is comfortable with that holding and appreciates your recognition of his good judgment, he will return the compliment and agree with other recommendations.

This strategy is good for new and established relationships. It builds a foundation of trust because you are respecting the client's preferences.

In another tactic, a prospect who is unsure about committing is encouraged to meet the adviser half way through cost averaging. The adviser makes his recommendations but the prospect is reluctant to commit. As a compromise the adviser suggests committing some of the money now. If the market declines they can average down. If the market rises, they have an already established position. This is textbook stuff – nothing new.

The adviser is suggesting a strategy used by large institutional investors. A prospect will often work with large financial services firm because he wants some of the benefits large professional investors receive working with the same firm.

The adviser applies an industry strategy at the individual investor level. The adviser has also started the negotiation process – how much is the prospect comfortable investing now? Even if the prospect is not prepared to invest, transfer of assets into the adviser's firm is non-threatening.

The strategy is best with new relationships or when introducing a major philosophical change such as moving from transactional business to professional money management.

Sometimes the prospect says no and will not budge. The adviser may reply, I respect that. It is important that I discussed this investment with you because someone else may call to offer you this product and, if you did not know about it, you may wonder why I did not tell you.

Sometimes an undecided person shops around, asking multiple people for advice. He may already be a client. By utilising this strategy, if a competitor's adviser suggests the same strategy, you were there first.

The more people he talks with offering similar advice, the more your recommendation is reinforced. The strategy is best with established relationships. It leaves the door open when the answer is no.

Some prospects can be difficult. He announces he is interviewing several potential advisers. He may do his own planning or assume financial planning is a given from all advisers. He may have had a bad experience with a planning-based adviser and be suspicious.

You want this prospect as a client. Perhaps he has referral potential or the opportunity for ancillary business. You want to make one last try.

You may ask: "What will it take for us to agree on a strategy today?"

Stop talking. The prospect may disclose his criteria for buying. Perhaps he has service or contact expectations. Maybe fees are the issue and he discloses the percentage he is prepared to pay for professional money management.

This strategy keeps you in the game. It puts the burden on the prospect to disclose his criteria and begins the negotiation process.

Sometimes advisers go through a long negotiation with the prospect. He finally agrees. The adviser smiles, packs his bag and leaves. The new client may be left feeling like the loser in the negotiations and needs to be convinced otherwise.

Instead of just leaving, reaffirm the reasons for the decision and review what will be done. Explain life after the investment starts by discussing trade confirmations, statements.

A sale can be won and the client lost if you do not stay in touch.

Bryce Sanders is president of Perceptive Business Solutions in the US

key points

- Referrals mean someone has pre-sold you to a friend
- Compliment the client's good judgment
- Advisers who give the client similar advice means yours is reinforced

When is a prospect ready to buy?

When are prospects ready to say yes? In the US, financial advisers surveyed and interviewed were asked: "How can you tell when prospects are ready to buy?" The answers fit into four areas:

1 They are engaged. The prospect across the table is interacting.

The questions are similar to ones from established clients: "I need £1000 for school fees in August. Can I get income in late July?"

They are on the same page when you review the proposal. You sense eagerness.

2 Prospects may convey information through body language.

Leaning forward may indicate they are engaged and following.

Head nodding often means they are paying attention.

Sitting back with crossed arms may indicate "I am not convinced."

Information is conveyed in the tone of voice.

3 Doing requested background work. You ask the prospect to provide statements from accounts.

You have asked for information on retirement plan benefits.

You are an industry professional. It is easy for you to gather this information.

It means work for most members of the public to find these statements or call their HR department.

The benefits of doing background work are also seen if the prospect completes a financial plan with you.

4 Trial closes or asking for agreement along the way is another indicator.

My financial adviser asks: "Does this make sense to you?" or "Are you comfortable with this?" at different points.

She looks for a string of yes answers before asking for the order.

Common goals and assumptions

- **He has a need. It may be an understood need or an undiscovered need, but he is there for a reason.**
- **He is interested in making changes. The prospect realises he should do something to improve his situation.**
- **Referrals are interested. Someone has often pre-sold you to a friend. He enters the meeting knowing you have helped someone he knows.**
- **A prospect who supplies statements or complete a financial plan is serious. He has invested time and effort.**
- **If it makes sense, he is usually on board. A string of "yes" answers is rarely followed by a "no".**
- **Fact finding is expected. The prospect is most open to answering questions at the first meeting. You need to gather data. Some questions may not seem relevant but he is open to answering.**
- **Types of questions. Open ended questions gather data. Closed ended questions "ask for the order".**
- **Be prepared. You are a professional in the prospect's eyes. He is paying for your advice. Gather information at the first meeting. Afterwards he expects everything to be prepared and waiting when he arrives.**