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Relationships **Better Business** 75

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Some financial advisers would balk at trying to win business with their friends, however, these existing relationships offer a perfect opportunity to develop new opportunities and even cement the friendship



A friend in need of financial advice is a friend in deed

The risk to the friendship is a formidable barrier. Financial advisers are excellent when it comes to asking strangers to do business. However, when you consider approaching a friend even mentioning business may put the friendship at risk. These reasons may be in your mind, not theirs.

With most relationships you start out as strangers. You are introduced at a party, meet on vacation or a meeting. The second step sees you learn their name, where they work, what they do and other basic information. If you ran into them in the supermarket you could say hello. They are acquaintances.

Step three takes place over time. You learn more about each other, your shared interests, maybe your children attend the same school, perhaps you both have similar political views. This identification of interests in common leads to the fourth step.

A friendship may develop when there are enough shared interests. You have something to talk about. You learn from each other, relax together and enjoy each other's company.

The fifth step involves trust. You ask yourself: "Do I trust this person?" If you are a parent you might ask yourself: "Would I be comfortable if they were minding my child?" In dating you might wonder: "Would I go out with this person if they asked?" In your profession they might ask themselves: "Would I do business with this person?" or "Would I trust them to handle my money?"

As the friendship evolves you learn more about each other including the issues and problems of greatest concern. Once you have identified their needs you may determine how you as a financial adviser could help address the issue. Planning a comfortable retirement, educating children or caring for aging relatives are issues within your area of expertise.

At the seventh step you reintroduce the element of what you do and discuss a solution based on them becoming a client and you helping to address the issue.

When was business discussed in the process? Most people answer step seven. When did they determine if they would do business with you? Step five. Your friends may have decided to do business long ago. They have been waiting to be asked. You have been looking for steps six and seven.

What you need to do is examine where your relationships with friends and acquaintances are in the seven step process. Consider approaching the people who have completed step five.

Suppose the barrier to asking – the risk to friendship – is used as the basis for the breakthrough conversation? It might sound like this:

"You know I work for XYZ securities. I have never approached you for business because you are my friend and I value our friendship. I have never wanted to put it at risk."

You have put the objection – the risk to friendship – in the open and provided an escape hatch. At any point they can agree and change the subject.

"I have always assumed you work with another financial adviser. You probably have a great relationship and they provide good service. Most successful people have that kind of relationship."

People identify with successful. Few people consider themselves failures. Everyone wants to be an important client to someone. You have made this almost an entitlement. Successful people are important clients to their advisers. You friend may stop you and say they are not an important client, what can you do for them? Let us assume they do not say anything.

"It has been a difficult past few years in the market. You may know someone who has not been as lucky as you. I thought we might spend a few minutes together discussing

what I do. Then if you come across some of those people you might understand how I may be able to help them."

You have asked permission to discuss business. You have many skills. When you explain what you do you might tailor the explanation to address the needs of people in a similar situation as their own. They will realise how you may be able to help them, how you can help others and you care about them as a person. You are friends.

You are asked "How is business?" often. Many times you use a one word answer such as "wonderful" or "challenging". Have you missed an opportunity? Sometimes when a politician is faced with a question they prefer not to answer in a debate or interview it seems they look at the camera and answer a totally different question. This technique can work for you.

Suppose a friend asks "How is business?" You hear something different "How have you helped someone recently?" You tell a brief, anonymous story describing how a person had a problem and you provided a solution. You communicate many messages such as: you help people, you solved a problem, you made a difference in their lives and how your business process works. Even if your friends are cynical it may still have benefits. Your friend may think: "I have a similar problem – can he help me too?" However, it is important that the stories are anonymous. You do not want to appear willing to breach or uncaring about client confidentiality.

However, there is a flaw. You do not have great situations unfolding every week. Here is a variation on the strategy. How have you helped someone by preventing them from making a mistake with their money? That often happens. People are going in the wrong direction, ask you for advice and you point them in the right direction. That can be another anonymous story. Those situations are probably more common.

You may be reluctant to bring up business with friends. You do not know how to start the conversation. It is easier talking with strangers.

Let us suppose you examined the approach you would use with an investment professional such as a person who selects multiple money managers for a school scholarship fund or some other institution. You would ask many questions. Consider two:

■ When do you review the performance of the money managers you use – within the scholarship fund?

■ Are you open to presentations from outside money managers at that time?

The questions can work well with a friend. Let us assume you know a few things about your friend's personal investment habits. They use professional money management and they work with another firm. They have volunteered the company name previously.

"I know you use professional money management from ABC Securities. You have mentioned this previously. We offer similar services at my firm, XYZ Financial. We have good performance figures and are competitively priced."

You have brought up business by reminding them what they have already told you.

"When do you review the performance of the money managers you use from ABC Securities? I am interested in winning some of the business. Are you open to presentations from outside money managers at that time?"

Using the two professional questions you have asked: "When do you have your next scheduled portfolio performance review? You want to present to them a day or so beforehand so you are fresh in their mind when they have their review.

What happens when an adviser reviews the performance of a group of money managers within a portfolio? They often suggest rebalancing and reallocating within the portfolio. Who says the money raised through sales must stay at that firm? Why can it not move across the street – to you? The performance may not have been that good on some of those investments. It is easy for your friend to agree with the sell recommendations and decide not to reinvest the proceeds with the adviser. Instead he decides to send the proceeds to you. The other adviser cannot argue much – he may risk losing more assets. You may gain a new relationship with a friend.

Consider another analogy. Perhaps you are a wine fan. You know it is easy to find a tasty wine at £30 to £50 a bottle.

Suppose you found a wine that tasted almost the same and the cost was £5? Would you tell anyone? Probably yes. You would tell your friends. Why? Because you are doing them a favour, sharing a find, giving them information they can use and helping them. You are the £5 bottle of wine. Tell them about you. You are prepared to do a great job for total strangers.

Would you not want to help people you care about? Let them know what you do tactfully. You probably have many close friends who started off as client relationships. You have many friends who are not clients. The process can work both ways. Some of those friends may become clients too.

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