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Help Your Advisors Build a Marketing Masterpiece

By Stephanie Bogan and Natalie Doss

Johann Sebastian Bach may have been a musical genius, but his secret was simple, powerful and something wholesalers can use to create their own marketing masterpiece: "There is nothing remarkable about it. All one has to do is hit the right keys at the right time and the instrument plays itself."

Where in this changing landscape do opportunities exist not only for advisors, but for the wholesalers that support them? As with Bach's suggestion, the answer is strikingly simple.

The struggle many advisors face is that, after nearly a decade of marketing that meant little more than servicing clients and waiting for the phone to ring, active marketing can seem as daunting and complex as a piano concerto by Bach. Much like the difference between a student who aspires to become a great pianist and the master composer, the difference between 'wanting' and 'knowing how' to grow their practice are very different things indeed.

Wholesalers that can help advisors identify the gap between what drove their growth in the past (hold the bucket and wait for the rain to fall) and what will work to grow their practices in the future will better be able to position themselves as a value-added partner, rather than a product distributor. Our 15 years of experience suggests that "partners" sell more product than "distributors," more easily and by a wide margin.

A Broader View

As with our initial study in the Best Practices Study Series, we look to 1QA firms, or top quartile advisors (based on Total Owner(s) Income). What becomes apparent is that getting to the top is less about the business development tactics used by an advisor and more about having the right strategy and laying a strong foundation, as well as systematic execution.

The Business Development Landscape

Advisors clearly recognize that growth in the future will require more than the past; however, there are gaps that wholesalers can use to highlight the opportunity and, in turn, create a deeper more partner-oriented relationship. Some common gaps include:

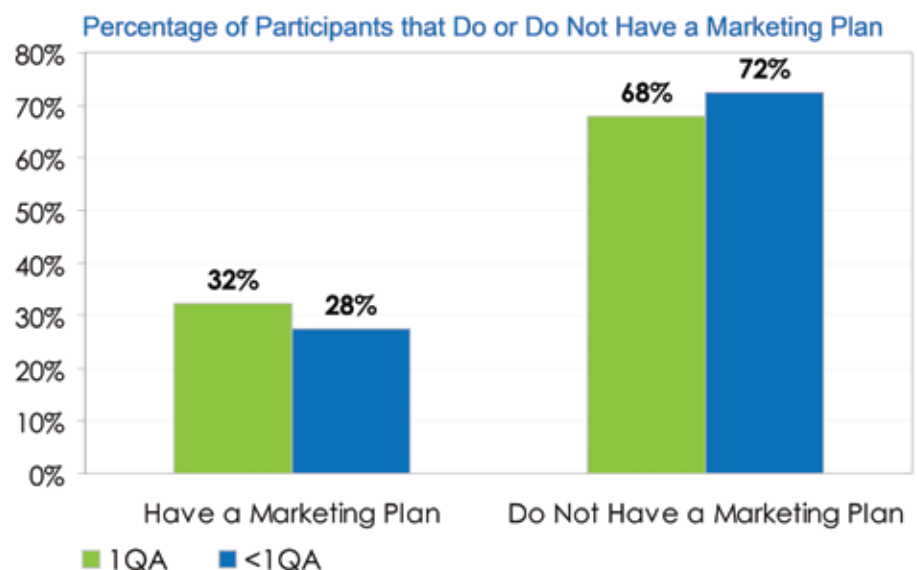
- **Failing to plan:** Less than one-third of advisors indicate that they have a written marketing plan in place, and fewer still have fully implemented that plan.
- **Lack of focus:** While a majority of advisors say they have some way to identify their target clients, 1QA firms indicate that only half of their clients fit the bill.
- **An ad hoc approach:** Only a few advisors indicate they have systematized their business development process.
- **Inadequate measurement:** While the ability to measure results is critical to success, a small minority of advisors have a process in place to assess the success of their marketing initiatives.

Advisors are aware of these challenges and understand that their ability to capitalize on current opportunities is largely an issue of planning and commitment. This understanding is shown in strategies that advisors identify as having the greatest potential for driving future growth:

1. Have a plan and invest the time and money to execute that plan.
2. Buy growth by acquiring another practice or hiring another advisor.
3. Leverage existing resources by hiring additional business development staff.

It Starts with a Plan

Marketing is much more than an activity or event; it is an organized business system that consistently creates and drives growth. An effective marketing plan is the link between your growth goals for the future and your daily "to do" list. While a vast majority of advisors accept that this is true and believe that creating a plan will drive growth, only 32% of the best firms have created such a plan.



Composing a plan can, and should, result in changes to the way you run your business, which requires commitment on a level that is still a resistance point for advisors. Of the 32% of advisors with a clear plan, only about half say they have mostly or fully implemented it. Even among the most successful firms, only 11% have a fully implemented plan.

Failure to effectively market is more about successfully implementing a marketing strategy and less about the tactics chosen. Through our work with advisors, we have identified three basic scenarios for marketing implementation: event-driven, cycle-driven and process-driven.

For the event-driven advisor, a single event happens and the advisor responds. For example, a referral calls in or the advisor

is asked to speak at an event. Regardless of the activity, the opportunity arose in isolation, driven by an outside source or an idea of the advisor, but not in relation to any broader strategy or effort. For these advisors, marketing is driven largely by intuition instead of intention.

The cycle-driven advisor seems to represent a good number of today's practicing advisors. These advisors are focused on business development, though sporadically. The result is that the advisor engages in series of silo-style events, which are not connected by a cohesive strategy. For example, an advisor decides to host an event or have lunch with centers of influence. This is generally done for intense but relatively brief periods, and then repeated when needed again. Once new business comes, one of two things happens. A burst of

activity generates new business, occupying the advisor's time and preventing him or her from continuing marketing, or the results are not immediate and the advisor stops engaging in marketing.

Both of the above models fall prey to a "Yo-Yo Effect" – or the ups and downs in new business activity that are derived from the sporadic attention paid to it.

By contrast, the process-driven advisor operates under the true definition of marketing by developing and consistently implementing a marketing plan. In particular, a good marketing plan is predictable and built on a series of simple, consistently implemented activities that elevates your position, enhances your reputation, and expands your client base over time.

IN PRACTICE – BUILDING A SIMPLE, SMART MARKETING PLAN

What's the key to a good marketing plan? It should be simple, systematic and sustainable. In fact, a good plan is not sexy and does not sizzle. The more boring reality is that marketing is a carefully crafted exercise consisting of three basic elements:

1. **Simple** – Effective marketing does not have to be complicated or flashy. If you're focusing on professional referrals, a simple plan might be to develop monthly value-added communications and weekly lunch meetings with your referral sources or prospective referrals sources.
2. **Systematic** – Many advisors fall victim to "yo-yo marketing," but this approach does not sustain consistent and long-term growth. Developing a simple and systematic plan is a key driver for building sustainable and scalable growth.
3. **Sustainable** – This feeds from both the simple and the systematic. Often flashy and complicated marketing ideas are not sustainable in the long-term. Creating a simple plan that you can implement with reasonable frequency (and time commitment) is much more sustainable.

For more information on how Quantuvis can help you, and your advisors, build marketing plans that work, contact us at begreat@quantuvis.com.

Finding the Right Audience

Even with every note in place, a masterpiece is nothing without the right audience. Just as different styles of music are appropriate for different audiences, the development of a marketing plan and its activities can and should differ from firm to firm based on an advisor's Target Client profile.

Targeting a specific profile may not drive firms into the 1QA category, but data suggests it is a contributing factor. Sixty-eight percent of 1QAs have a defined client profile, compared to only half for the remainder of the advisor population.

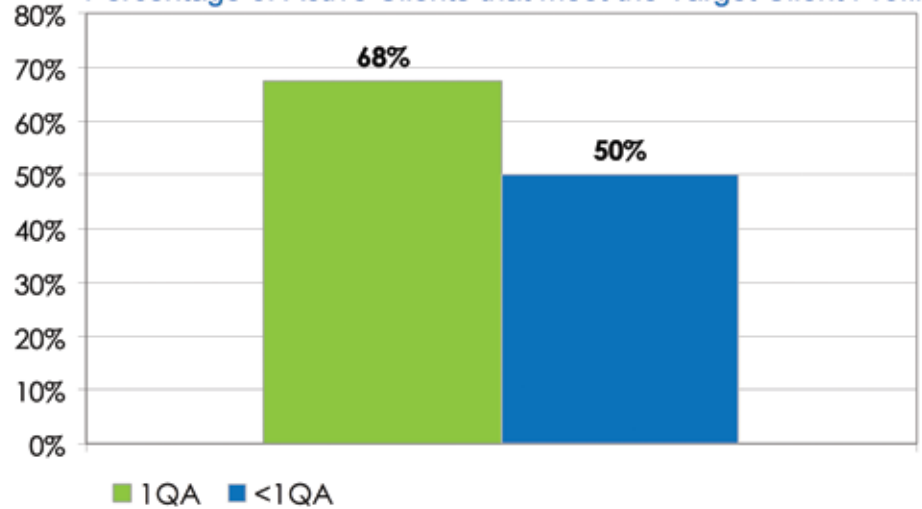
Based on the data and our consulting experience, there does not seem to be any one best target client. The data suggests that "what" profile an advisor chooses is less important than "if" they choose one. Simply put, those advisors with a higher percentage of target clients were considerably more profitable.

The Conductor of Growth

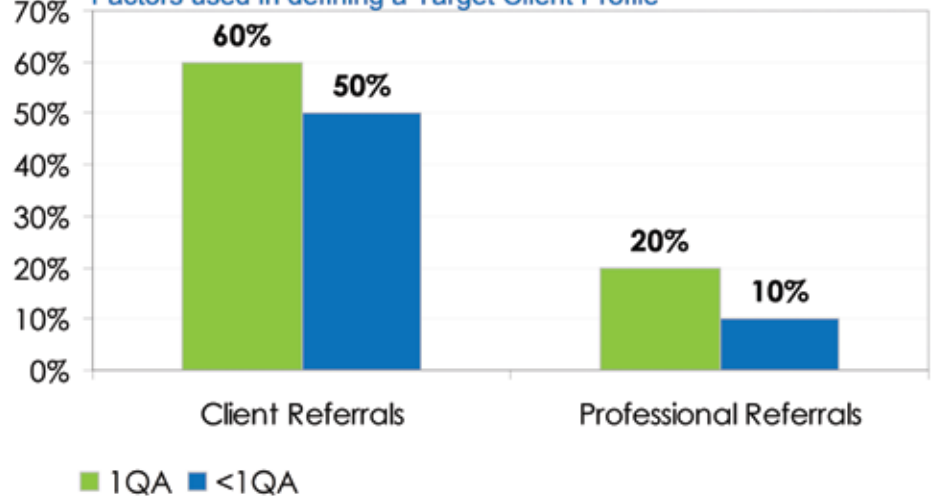
Developing a plan and focusing on an audience are key components of sustainable marketing, but what are the components and activities that drive growth? While no one tactic is a universal silver bullet, referrals come close. In fact, 1QAs indicated that 60% of new business came from client referrals and, though that number dropped to 50% for <1QAs, client referrals still drive the majority of new business. Though not as great a contributor to new business, professional referrals represent 20% and 10% of new business for 1QAs and <1QAs respectively.

While advisors see a direct approach to asking for referrals as the best option, a majority indicate they only address referrals occasionally, with 20% of advisors asking for referrals systematically. The apparent discomfort of asking for referrals is so dramatic that advisors – knowing full well what works – do not tap into the power of this opportunity. Additionally, the majority of advisors have a process in place to thank clients for referrals. The data shows that nearly half of advisors place a call or send a

Percentage of Active Clients that meet the Target Client Profile



Factors used in defining a Target Client Profile



thank you note for every referral.

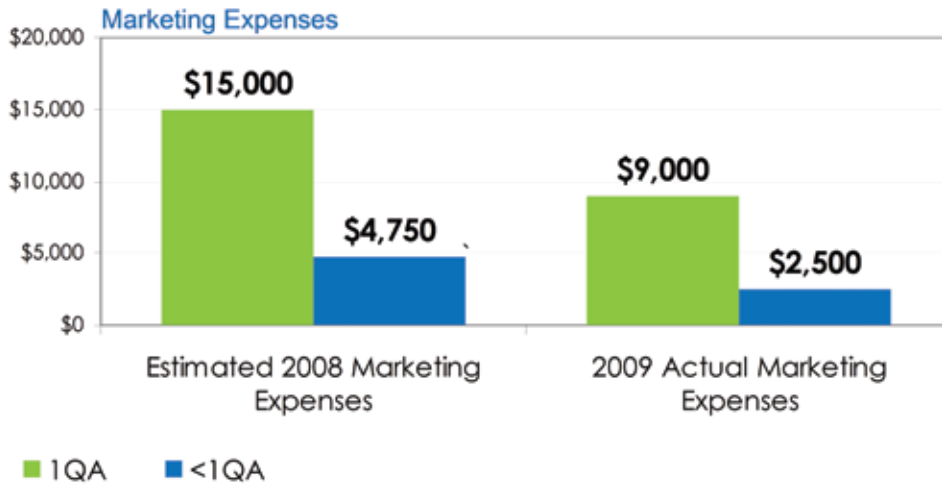
These findings suggest that 50% of advisors do little or nothing in response to a referral. Beyond basic business etiquette, we cannot logically explain why half of the advisor population would not have a response to the event that drives the majority of their growth. Our advice to wholesalers is to assist advisors with focusing on reinforcing referral behavior within the advisor's client base.

The Return on Marketing

Honing in on the comparison between top performing firms and their peers, it should be no surprise that 1QAs spend more on business development than <1QAs; as the

old saying goes, it takes money to make money. The median 1QA dollars spent are running at three times what <1QAs typically spend. Even during the market downturn, 1QAs spent considerably more, in absolute terms, than their <1QA counterparts. On average, firms indicated that they invested a median of 2% of revenue in marketing activities, with budgets ranging from less than 1% to about 4% of revenue.

Looking beyond the cost of marketing, one should ask as a whole how much marketing is worth – or what is the Return on Marketing (ROM)? As with all investments, advisors should demand a clear return on their investment.



A simple way to measure ROM is to compare new revenue generated to the amount advisors spend on marketing. ROM is a tangible performance measurement that will help advisors evaluate their performance. Looking at 2008, return on marketing for 1QAs was \$1.63. That is, for every dollar spent in marketing, \$1.63 was generated in new revenue. For <1QAs, ROM is one to one; for every dollar spent in marketing, \$1.00 in new revenue was generated.

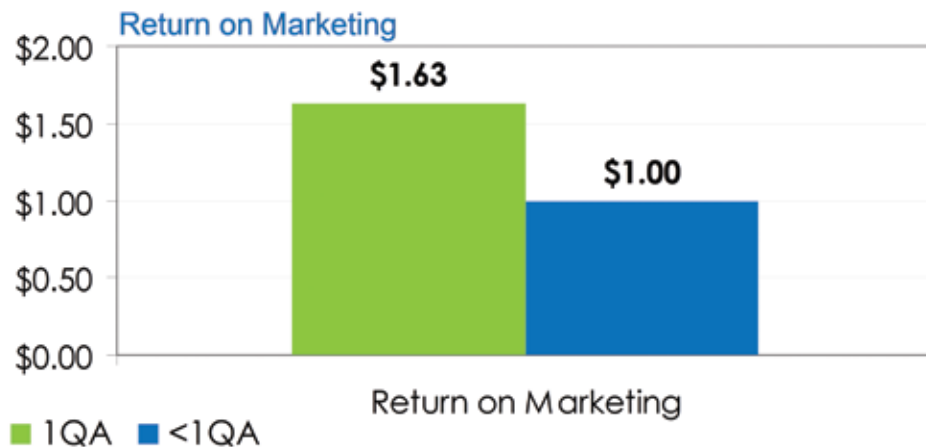
The result of spending more on marketing not only affects ROM, but also affects high-level performance measurements. At the end of Q2 2009, the median new revenue generated by 1QA firms was \$20,000, twice that of <1QAs. At the same time, they generated a median of four new clients compared to five for <1QAs. In part, this may be attributed to their greater focus on target clients and a slight preference for systematic

marketing, but we must also consider their focus on a wealth management offering and higher net worth clients, as we learned in our 2009 Business Performance Study.

Keep in mind we aren't implying that if you throw money at marketing it will translate into new revenue. Marketing is less about "what" advisors do and more about "how" they do it.

A Word of Advice

We have learned that while advisors have yet to focus on systematic marketing, they see it as a key component of future growth. The most difficult step is looking inward and taking the information learned about what improvements can be made, such as developing a marketing plan, and then implementing the changes needed to drive growth.



This does not have to be a daunting task. We don't believe, and experience has shown us, that the unduly complex 25-page plan that maps out a mountain of activities in infinite detail is necessary. Even the simplest marketing plan or referral program can do wonders for an advisor, as long as the plan is consistently executed and accountability is part of the process – this is equally true for wholesalers.

To help your advisors build their own marketing masterpiece, you need to help them understand how this applies to them. Partner with them to help them see they need to bring a disciplined approach to their marketing – focused on a simple plan - and from there, as Bach suggests, it's simply a matter of hitting the right key at the right time.

Equally as important, and hopefully not overlooked, is that the very same strategies and lessons that apply to advisors apply to wholesalers as well. A simple, systematic, and disciplined approach to creating deeper relationships is driven by adding value. Start by understanding what your advisors are facing as they seek to market, share this information in ways that position you as a trusted, knowledgeable business partner, and step in to support them in meeting these needs. By doing so, you can become the maestro of your very own marketing masterpiece.

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