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Action items: Employing education as a sales tool

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You know the scenario. A prospect comes into your office. From the start, she's wary, even distrustful -- and it's all because she feels another firm was unfair to her. She tells of high fees, shoddy reporting and general poor service.

OK, at least she's complaining about one of your rivals, but why is it such a fight to get clients to understand how your firm differs from competitors?

Overload and enlightenment

One reason is the broad cultural phenomenon of information overload. Another, more specific to the financial-service arena, is the difficulty many "civilians" have distinguishing between advisory channels -- RIA versus brokerage for example. They are other matters in play of course, but these things certainly make the task of standing out in the crowd that much tougher for your firm.

So here's a thought: make your firm an education resource for investors. We view this approach as a greatly underutilized and yet very effective tool for helping your firm achieve "trusted advisor" status.

It doesn't matter whether you're an independent fee-based advisor, a registered rep working at a big firm or an insurance agent, helping investors sift

through their choices and understand what the market has to offer them in terms of advisory styles makes you a *resource* and an agent for much-needed clarification.

This industry is confusing enough to those of us working in it. Imagine how difficult it must be for investors -- lacking the background, knowledge and tools that many of us have -- to decipher what's going on.

A big investment bank actually engaged us to come in and provide training to its *internal* departments on the basics of the financial-service business. Seriously: *the basics*. This certainly opened our eyes to the need consumers have for a basic grounding in financial services.

The private investor -- who may be a successful entrepreneur, a new inheritor or a thrifty soul who has managed to set aside a few hundred thousand in a 401(k) -- has few opportunities to learn about investing and the advisory business. Giving him insights, information and education makes you someone he can go to when he has questions.

So what kind of information should you provide? Here are some thoughts.

- Basic investing information - how do you select stocks, or mutual funds, or model portfolios? What's the process? What's the difference between investment strategies and approaches?
- A directory of terms - what is an "aggressive equity fund", a "hedge fund" or an "income planning tool"?
- The different fees and charges one might encounter when working with different firms - why are different fees applied and what do they cover?
- Background on credentials - what's it mean to be a **CFP**, a **CFA**, a **CLU** or a **PFS**?
- What's the difference between the accumulation and income-planning stages of life? What should investors think about and know about the different specialties?

Make sure to craft the message to suit audience segments.

And if you don't feel like you *are* an educator, or can't write these kinds of materials, there are many excellent writers in our industry who can help you turn ideas into core materials. In any case, helping your clients to become market-savvy consumers is worth the effort. -FWR

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