MARKET TUNE-UP

Proven Methods To Increase Your Sales Productivity

BY GUY E. BAKER

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The Rewards Of Being Just A Little Bit Better

Market Tune-up was a tape/CD series I originally created to help financial services professionals increase their productivity and discover new ways to help sell financial products. Ways that would help sales professionals be more effective and efficient when helping their clients and ultimately helping themselves to career success. What I realized along the way was, these ideas and thoughts could help any sales person in virtually any field. So, many of the ideas are couched from a relationship perspective, instead of just being aimed at financial services.

Here is something to think about. If you weren't successful, you wouldn't be reading this book. Why? Well first of all, only winners want to improve. Winners are not satisfied to maintain the "status quo." Winners are focused on doing better, rising above the crowd. They are constantly evaluating their presentation, looking at what they can improve, concentrating on doing what's right and eliminating whatever seems unproductive. They accentuate the positive while minimizing any negatives. And finally, winners are survivors. They know how to beat the tough times through perseverance and patience.

Competitive Sailing

I am reminded of a story Jim Pittman (Portland, Oregon) told me. He told me a story about a friend who was a competitive sailor. This fellow had sailed professionally but had never won anything. His team always came in second, third, or fifth place; never quite good enough to win. Eventually he was asked to try out for one of the "best in class" teams. This was a very exciting opportunity because if he made the team, he would crew with one of the finest teams in the country. After a rigorous tryout, he was told he had made the team.

During training, Jim's friend noticed he was doing all of the things any competitive sailor does. But he noticed while this crew did exactly the same things he had learned on other teams, they did it better. They brought the boats about the same way, handled the ropes equally well, tied the knots similarly, and each hand had the same assignments and responsibilities found on other crews their size. The difference was simple – they did everything just a little bit better. They weren't that much better in any one thing, just a "little" more efficient in every task. But they were faster in execution. A slight improvement makes all the difference … all the difference between a winner and an also ran.

The same nuance can be found in professional athletes. A pro baseball player is a good example. The difference between being a Hall of Famer with a .300+ batting average or an average .250 hitter is only one or two extra hits per week. To be the best, you don't have to improve much. But to be the best, you have to be that much better consistently and cumulatively.

One of my dearest friends was a professional baseball player back in the 60s. His name is Rod Gaspar and he played center field on the 1969 Miracle Mets. Today you can still see he has maintained that winner's edge, that inner toughness and desire to excel. When he works on his golf game, he has focus and determination. When he plays handball, it is with an intensity few know. I think the same could be said of professional salespeople. To be among the best, you have to hone your skills and rise above the others. You have to hear the inner calling to be the best and have an inner toughness that does not allow discouragement and disappointment to defeat you.

I decided to write this book to provide a pathway to superior performance – to excellence. For most readers, this book will be a "tune-up." For others, it may be enlightenment. Tuning up your marketing and sales skills, by understanding the various components of the sales process, will help anyone raise the bar. Like the sailor, these ideas will provide ways to be just a little bit better, increase your effectiveness and your productivity. Some concepts will seem very obvious. You may even be doing them better than me. Often, however, it's what we take for granted and really don't do on purpose that can dramatically improve our focus and results.

I will give specifics. We are going to look at marketing, how to open up a new sales opportunity, how to do fact finding, create a case design, make an effective presentation, close the case, get referrals and finally, I want to discuss some business management ideas to help keep you be productive at the highest levels.

As a result of this book, it is my hope every reader will be able to look back and say "Hey, I learned something that will help me do a better job, be more successful, achieve my goals." And if you do, please let me know. I would love to hear from you. *(guy@standel.com)*

Before we really dig into the process, I want to look at what I call the seven "non-negotiables" of success. These are what I think are seven important tenets of sales success. Success is always built on principles … applied principles. You need to have your arms around these principles before you can improve your productivity. They are foundational to every action and reaction.

What's the first thing any farmer does at the beginning of a growing season? He prepares the land. He tills the soil, readying it to receive the seed. In many ways, salespeople are like farmers. We have to prepare our mental field before we can expect a bountiful harvest. I think we have to clear our desks and clear our heads. Clear the prior year, whether it was good or bad, from your current memory. Then we must patiently prepare for our next harvest.

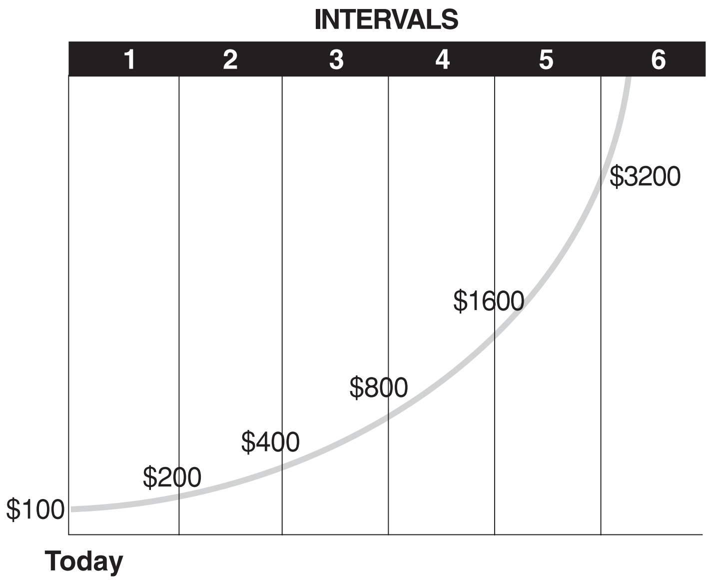
These seven non-negotiables have to be in place spiritually and mentally to gain maximum productivity. If I had to emphasize only one attribute which differentiates successful sales people from those who consistently fail to achieve at the highest levels, I would say it is patience. Obviously, there could be many others – perseverance, confidence, knowledge, courage. But when you truly internalize the value of patience, I think you become stronger. You have more courage and confidence and you have the will to persevere. Patience gives you more self confidence. How? By achieving peace of mind. Successful salespeople, regardless of their field, have a sales process. They have learned to trust the process. If they are patient and work their process every day, trusting it will ultimately achieve long term results, they will reach their goals if they have enough activity. If they have patience in their process, it will produce the long term results – just like it always has. They don't abandon what works every time it gets tough. Instead, they steadfastly apply the process. Apply those principles of success which have always worked. Just as farmers know their process will produce a crop (irrigating, fertilizing, waiting patiently for the crop to grow), a successful planner must stay with their process and work their plan. Will there always be a profit? Not necessarily. But in the long run, counting on the law of large numbers, the answer is a resounding yes.

Why is this important? There are many training gurus and coaches who suggest to their followers that changing their methodology and process is important. And in some cases this is exactly correct. But my premise is simply this – if you adopt the methods and processes used by the "best in class" practitioners, then your job is simply to consistently apply those techniques and ideas, with patience, to your daily activities. Solomon wrote in Ecclesiastes centuries ago, "There is nothing new under the sun." I believe this is true, thousands of years later. Successful sales professionals have discovered the "secret" methods for achieving long term success. It is your job to discover them for yourself and then apply them with patience and confidence.

Some Specific "How To's."

Before we look at the non-negotiables, we need to look at one of the least understood financial principles in the financial services business. Einstein called it the eighth wonder of the world. It's compound interest. If you have read any of my books, you know I refer to this principle frequently. Why? Because I think compound interest applies to our behaviors as much as it does to the creation of wealth.

Look at the compound interest chart. Write down $1 on the left hand side. If you were to multiply $1 times 6%, you would be calculating the interest earnings during that year. How much would you have at the end of the first



year? You would have an additional six cents for a total of $1.06. If you repeat this the next year, you have $1.13 and then $1.21 and so on over an extended period of time.

If you graph the results, they form a geometric curve. This is a compound interest curve. Notice how in the lower right hand corner how "the curve" is essentially flat in the early years. Over time it goes up and up and up climbing at a geometric rate as the interest compounds the results. If it kept going, it would extend beyond the page. But let's go back to the very beginning. Back to where this metric first started.

Over a period of time, that dollar is going to grow according to this graph. The easiest way to understand compound interest is to think of it in intervals. I am going to define an

6%

1.	1.00
2.	1.06
3.	1.13
4.	1.20
5.	1.27

interval as how long it takes for money to double. Using the "Rule of 72", at 6%, $1 becomes $2 some time during the 12th year. Here is how to use the "Rule of 72". If you divide 6 (the interest rate) into 72, the quotient will be 12. Twelve is the number of years it will take money to double at 6%.

Now, look again at your graph. Notice how far apart the lines are. At the top on the first line from the y-axis is 12 years. Then on the second line, it is 24 years and on the third line 36, and the fifth line is 60 years. In other words, if you were to count the number of intervals between today and 60 years from now, there would be five intervals.

Let's expand on that concept for a practical application. If you're 35 years old, sixty years from now would put you at 95. If you can earn 6% on your money, it's going to double five times between now and the time you are 95. If you have $100,000 in cash and you invest it at 6% every year, at the end of the first interval you would have $200,000. At the end of the second interval, you would have $400,000, then $800,000, then $1,600,000 and by the age of 95 (the fifth interval), you would have a total of $3,200,000. All that from an initial nest egg of $100,000.

So if you want $3,200,000 in your wealth pot at the end of three intervals, how much must you have today? You would need $400,000. A nest egg of $400,000 would double three times (three intervals) to $800,000, $1,600,000 and finally $3,200,000. Again, this assumes 6% growth factor.

Look at the second interval. If we draw a line halfway between the 12-year and the 24-year mark, you would be at year 18. That's how long it took your $200,000 (the amount you had at the beginning of the second interval) to grow to $300,000. What took 12 years to accomplish in the first interval (growing $100,000 to $200,000) took only half an interval to grow from $200,000 to $300,000 … adding an additional $100,000 to the original amount.

Now look at the third interval. How long did it take $400,000 to become $500,000? Notice, this is an additional $100,000 too! But instead of the 12 years it took in the first interval and six years in the second interval, now it only requires three years (one quarter of an interval) to accomplish the same result. In the fourth interval, it takes an eighth of an interval (1.5 years) to grow from $800,000 to $900,000.

So, what took 12 years to accomplish requires only six years to accomplish in the second interval, three years to accomplish in the third interval, and only 1.5 years to accomplish in the fourth interval. Remember, this is all based on 6%. If the interest rate were 10%, the numbers of years would be different, the fractional relationship (1/2, 1/4th, 1/8th) would remain the same. To achieve your ultimate objective requires consistent results and enough time.

But what if you want to jump from one compound interest curve to another? For example, from a 6% curve to an 8% curve. The only way is to take more risk. That means accepting more volatility in your predictable outcome to earn a higher return on investment. There actually is another way to increase your ultimate result, the amount of capital you have at the end of the intervals. You can add more capital in the beginning or along the way. The ultimate problem with any process that demands patience is accepting the amount of time it takes to see any meaningful results. When ambitious investors realize how long it's going to take before they will see meaningful results, however, they too often become frustrated with the lag time and give up.

The Ultimate Instrument Of Failure

There is a term for the first interval on the compound interest curve. With my economic background, I had to find out what economists would call it. They have a term for virtually everything. Well they had one for this too. It is called BORING. Becoming bored with how long it takes to see any progress is the most significant reason why people fail financially. And in fact, I believe it is the reason most people fail in sales. They can't tolerate how long it takes to get from Day One to Day Two until eventually they reach the end of their first interval. How many sales people, not sales professionals, do you know who have quit? When you quit, you break the chain of compound interest. You go back to zero and must start all over again.

Think about this for a minute. That first interval is a struggle. It takes a 12 years to get $100,000 to grow to $200,000. The same is true in selling. It takes a long time to cultivate a market, develop a group of prospective buyers, plant prospects, build relationships, develop trust, staying power and a reputation. If you quit, you reinforce the cynicism and skepticism we often hear about the sales profession. But if you hang in there and you show staying power, you reinforce your own personal convictions and discover you have the ability to weather the storms. The marketplace sees this. Your prospects and clients appreciate your fortitude. And in the end, people buy for only one reason, because they want to. And a big part of wanting to buy is having confidence in you, the seller.

The cause of boredom is simple to understand – progress is slow in the beginning. It's barely perceptible. To work hard and not see any results is understandably frustrating – especially if you see other sales people around you having the type of success you dream about. It is hard not to covet what they have. But, if you stick with it, you will often match their efforts and results and even far exceed them.

One day, early in my career, I came back to the office at the end of a day with five applications in my hand. It had been a good day. Ralph, my sales manager, was meeting informally with one of the other agents. I poked my head in, announced to Ralph my results and thought nothing more about it as I went to my office to complete the applications. Later Ralph told me he had been talking to the agent about me. The agent had been complaining about me and wondering why he wasn't getting more attention and better results. Ralph was trying to explain to him that my results were tied directly to my work ethic. This agent was trying to convince Ralph there must be more to it. So here I am, walking in with a fist full of applications. Ralph told me the agent's jaw dropped and the topic was over.

He was IMPATIENT. Most sales people are. I was doing nothing more than what I was trained to do, see the people. Patience is a foundational element to sales success. Sticking with a plan and seeing it through to completion bears results. Assuming you are trained properly and are prepared as previously mentioned, all that remains is to be patient. Good results will follow – guaranteed.

It is impatience that often causes sales people to quit. And sometimes they quit just before they are going to succeed. When I first started making sales calls, a colleague told me about a salesman who had walked up and down a city block knocking on doors. He knocked on door after door and those who answered declined to buy. Finally, he got to the last door on the block. He was thinking, "why should I bother even going to this door? The result will be the same." But he reached down inside, mustered up the courage and decided he would force himself to call on the last door. After all, it was the last door. So he was going to follow through. And wouldn't you know it, the salesman got an appointment and ended up making a sale.

I think back on my career and how many times I have wanted to quit. I was frustrated, discouraged, afraid, filled with anxiety. But eventually I knew if I hung in there and did what I was suppose to do, things would turn around. If I had quit, if I had broken my chain of compound interest, I would have gone back to zero and had to start all over again. This same calculus applies to every salesperson.

Let's go back to money for another principle. There are two types of savings programs. One is a long-term savings program that is designed to capitalize on compound interest. Few people have one of these very long. Then there's the other type of savings program most people do have. That's where you put more and more money in, but then some event happens. Your car breaks down, your home needs a new roof, a new refrigerator or whatever and so what happens? They pull their money out of their savings account. They put it in, they pull it out. They put it in, they put it in … they take it out. That's called breaking the chain of compound interest.

Look at the compound interest curve we just studied. If you stop the chain of compound interest, which end of the curve do you truncate? The flat part or the steep part? Do you lose the fourth and fifth intervals or do you lose the first and second intervals? Obviously, you lose the best part of the curve. The part where your money grows the fastest … the fourth and the fifth intervals.

So what is the principle here? When you break the chain, you lose the most profit. More important, you can never get to the fourth and fifth interval until you have completed the first, second and third. There is no way around having to finish the first interval. More importantly, everyone has to complete that first interval in everything they do. The first interval is tough to complete.

Apply this truism to anything you do in life. It is hard to stick it out and finish the first interval whether it's adjust-ing to marriage, raising children, completing your studies, learning new skills, breaking into new markets … you have to work through the hard times, the slow times, the boring times when it feels like you are not making any progress, in order to get to the other side – finishing the first interval. The more time you invest, the higher the probability you will succeed. Your compound interest earnings only enhance the amount of capital you will accumulate over time.

Expanding Your Personal Compound Interest Curve

Everyone has their own personal compound interest curve. By that I mean, some people are earning 2% interest, others 4% and for some people they could earn 12% or more. But guess what? It doesn't matter what others earn on their compound interest curve because their success or failure does not impact your curve. In the end, we all live or die by our own compound interest curve – our own results.

All that matters is how you stay on your own curve. You must define your opportunities and limitations in order to change and grow. Let's stop and look at the consulting process? How does it work? You first, define the problem, then assess the alternatives and pick the right path to improvement. If you want to increase your rate of growth on your career compound interest curve, i.e. improve your results, you have to move your intervals closer together. You do this by increasing your productivity. And this can only be done by taking more risk or creating more capital.

In sales, knowledge is capital. To increase your knowledge capital you must provide value. Knowledge is the most obvious way to increase value for your prospects and clients. The more you know, the more likely you are to be perceived as an expert. Your knowledge builds value and value builds additional capital. The more knowledge capital you accumulate, the higher the probability you can capitalize on your position and personal brand. This reduces the time between intervals and you achieve results at a faster pace.

Likewise, capital can also be created through a process. The more effort you put into developing streams of business opportunities, the faster your client roster will grow. This is done through networking and by creating reliable referral sources. The more contact opportunities you develop, the higher the probability you will increase your sales results. Your intervals will also shorten as you improve your business processes. By putting more systems into place in your business, by hiring qualified staff, by providing better equipment, software, and documentation you build capital. The effective leveraging of time adds valuable capital to your business systems. These are all ways to take and utilize the resources available to create more knowledge capital.

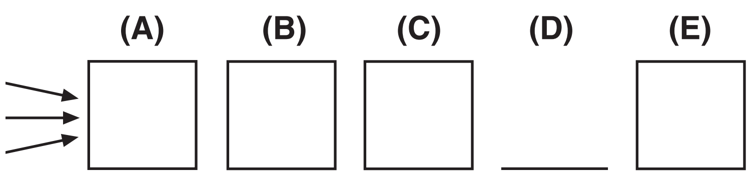
There is another way to accelerate your compound interest curve (accelerate your career growth). It is to take more risk. Since risk usually increases the possibility of loss, most people are risk adverse. However, in sales, being risk adverse can cause total failure. How can you take more risk in the sales business? The simplest way is to see more prospects, people you don't know. But not just any prospective client. You want to see the prospects who have problems you can solve. By putting yourself on the line, by investing money in your business, you are taking risk. If you can capitalize on the opportunities these investments create, you will ultimately increase your compound interest curve. Again, there are only two ways to get improved results – you either take more risk or invest more capital.

Years ago, I was asked by the premier association of financial sales professionals, The Million Dollar Round Table (MDRT), to head a committee to study member productivity. As a result of our work, the committee created the MDRT Guide to Productivity based on a series of questions about work habits, sales calls and success ratios. Our in-depth analysis delved into the inner workings of over 5,000 members to determine how and why they were successful. Conducting the survey was a great opportunity to work with some of the most successful sales professionals in the world. After completing the survey, we compiled a detailed analysis and published the results in our guide.

While some of the findings were predictable, the analysis helped to establish on a quantitative basis, the key factors for success. An example would be the relationship between quality and quantity. We learned definitively that the amount of sales activity is directly related to the number of prospects seen as well as the quality of the activity. Those two factors combined, give you ways to measure productivity.

The Productivity Equation

Look at chart below, you'll see the diagram, boxes with the letters A B C D E across the top. "A" represents quantity and underneath quantity is activity. Quantity is the number of prospects you have in your inventory. It includes the number of open cases and sales opportunities you have as a result of your activity. Let's skip B for a bit and focus on C - quality. It indicates the most effective use of your time. Are you



getting referrals? Do they fit your ideal client profile?

How many of your clients in the A are also in the C category? Are you making multiple sales to your clients? Are there cross-selling opportunities within each client unit? In other words, are you making two, three or four sales per client? As financial service specialists – this might include asset gathering, insurance for various risks – such as disability and death, long term care, financial and estate planning for a fee or other related services.

D stands for "Time." The time factor is the amount of time required to complete a transaction. While it is certainly possible to be successful without investing a lot of time on a specific case, this is a rare occurrence. Most cases require a factfinder, a workup, presentation and then several iterations until the plan is fine tuned and there is a decision made.

Most salespeople have to dedicate a significant amount of time to their business to achieve meaningful results. The quantity of the activity and the quality of the clients are likely the result of how much creative energy you invest into your business. So leverage is the true key to success.

In the E Box, put leverage. It represents systems, processes and staff. The more activity you have under A, and the higher the quality you have under C, the more dependent you're going to be on E to be truly effective. This is the equation for productivity. By having quantity and quality under control, measuring it, knowing what you're doing, being time effective and efficient, will allow you to leverage your staff to create your productivity.

Notice too, A is a function of suspects. If you are good at business development, you have unlimited opportunities to talk to people and hopefully make a sale. But you also have the opportunity to waste a lot of time. So your ability to discern a good opportunity from no opportunity is KEY to your growth and development.

Early in my sales career, Ralph Brown, my manager, used to say "Activity breeds activity." Boy! Was he ever right. The more activity I had, the more promises I made, the more information I gathered, the more work I had to do. But at some point, I would become overwhelmed by the pile of promises and I would have to stop prospecting to get everything I had promised done. I had to deliver on the promises.

So that leaves us only one more factor in our equation, the one we skipped – and that's B – the filter. If you don't have some type of filter on your activity, a way to improve the quality of your focused activity, you're going to waste time and resources. That creates drag and drag is friction on your productivity.

Everybody's productivity equation is different. You have to find your own, individual equation and then fine-tune it. This becomes your benchmark as well as a professional regimen. Then if you want to increase your productivity, you have to create more capital (remember the compound interest curve?) by either taking more risk or expanding your time.

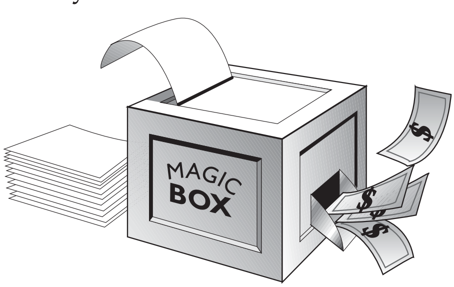
You might be thinking – "expand my time?" No one can expand their time. And this is true, technically. But you can expand your time through leverage. Let's go back to compound interest for a moment. If you're 45 years old and you want to retire at age 65 but you need more capital, what can you do? You realize you can only feel confident earning 8%. So if you have finite capital, you must take more risk or find additional ways to add more capital in order to reach your objective. Finding more capital means you have to earn more and save more, or inherit wealth or perhaps win it in the lottery. Obviously, you can only control what you can control. In the investment world, you can't control time. But in the sales world, that is about all you can control. You can control how you spend your time and that alone will make you more productive.

Efforts to expand your time reaches a maximum at some point. My first talk to the MDRT was entitled "How Many Heads of Hair Can A Barber Cut?" A barber is limited by what can be done during business hours. We are more fortunate, we can expand our business time through leverage. We can delegate many of the tasks we desperately try to control ourselves. Understanding how to manage the productivity equation allows us to capitalize on the compound interest curve in our business, even if we can't add more time. We can learn to expand our time by investing in staff and equipment.

Remember, there are only two ways to improve your compound results – more risk and more capital. Time is finite. So by leveraging your time, you are in essence creating more capital. But at what risk?

The Magic Box

Before addressing risk further, I would like for you to imagine acquiring a very special box – a magic box. A box that prints infinite amounts of money from paper you insert in the side slot. All you have to do is insert the paper, any type of paper, and "BINGO" out the other side comes money.



Now nobody knows for sure how this box really works. All you know for certain is, the more paper your put into it, the more money it makes. As you put in more and more paper, you hear this beautiful sound coming from the box – the purring sound of paper being turned into cold, hard cash. This purring sound is music to your ears. There is no way to know what really is going on in there – so you must take it by faith. All you know is, if you are patient and wait, out comes crisp, new $100 dollar bills.

Now, if you really had a box like that, what would you do? Wouldn't you put in as much paper in it, as possible? I would. You would also protect it and make sure no one ever took your box away.

After a period of time, however, you notice your box is taking longer and longer to produce its treasure. You have become something of an expert on performance because you're fascinated with this box's production capability. You don't know of any other machine capable of producing fresh, crisp $100 dollar bills from blank paper.

It has become apparent that it is taking longer and longer for the box to produce money. In some cases, it takes weeks, other times days, but rarely is it just hours. You never know for sure how long it will take to do its magic. And frankly, it is making you a little worried. One day, the unimaginable happens, the purring turns to grinding sound and you hear a big groan and the box stops its output.

What went wrong? You begin to ponder all sorts of possibilities. Was it the paper? Some paper, just slid right through, no problem. Other paper seemed to take longer. Maybe it was the quality of the paper? The brand? It was hard to determine what exactly "gunked up" the process and delayed the output. But whatever it is, your box is not performing efficiently and effectively.

What would you do? Well, first off, you want to get it repaired. So you look up Money Box repair in the Yellow Pages. No luck! Nothing there. You inspect the box, and to your amazement, there is no way to open it. It is hermetically sealed. What to do? How do you get your box producing money again?

Finally, out of desperation, you are forced to do nothing but wait. Wait and hope your box will repair itself and begin producing again. As you ponder your fate, you begin to realize that perhaps it was the paper and perhaps, you were not protecting your box sufficiently. Maybe a filter in front of the paper slot, to ensure that only the right type of paper went into the box, would make it work again.

You do some research and discover, that indeed, certain paper works better than others. There are issues like, bond, grade, texture. Not all paper is the right paper. Some is too slick. Others are too coarse. Some paper absorbs more ink.

At long last, your box begins to make some familiar sounds. There is a huge coughing sound and out comes this big black cloud from the money slot. But more important, the box seems to be producing again. So taking what you learned, you carefully insert high quality paper and "Voila!" it produces money once more. The filter worked and your money box is productive.

Your Money Box

If you think about it, this box really mirrors our businesses. Each one of us has a business process. This process is our "black box." And as long as we put in good prospects, (i.e. good paper), our black box will whirl and purr, producing money on the other side. There are the proposal, the illustration, the prospectus, the underwriting, the documentation and finally the finished product, which requires a check. But all of that is routine at some point and requires good systems and processes to accomplish the ultimate results – a commission check. Most every sales person knows that if they do the right things right, they will get paid.

Our box must work efficiently and effectively. But what happens if you put in the wrong paper? You introduce a bad prospect to the system. Your team still has to produce results, because they don't know any better. So they whirl and purr – but when the process is competed – there is no commission because it was a not taken. Or the person didn't follow through and take the physical or transfer the money as they said they would. Your filter didn't work and you wasted precious resources on a bad prospect.

Is This True?

Several years ago, the MDRT surveyed over 2,000 members in a productivity study it commissioned. The study found that 85% of the open cases resulted in a successful transaction. In other words, 85% of the paper that got through the filter and went through the box – resulted in money coming out of the slot at the opposite end. But 15% of the paper that was put in the box did not result in income and clogged the box.

This is a pretty amazing statistic. When we dug deeper into the data, we found the reason the filter worked so well, was because the members were taking less and less risk. The paper was filtered so carefully, only the highest grade paper went through. The problem was, there was not enough of it.

In the succeeding chapters, I will discuss how to take measured risk and improve the grade of paper you have available. And admittedly, not every piece of paper will result in money coming from the box. But hopefully, you will be able to increase your paper supply. You'll learn how to increase the quantity and quality of your prospects by understanding how to adjust your filter. Equally important, we are going to look inside your black box to see how you can fine tune it to get more efficient results. After all, if your black box is only printing $1 bills, wouldn't you like to fine tune it so $100 or $1,000 bills are being produced?

I promised I would share with you the seven non-negotiable tenets of success. So here goes.

The Seven Non-Negotiables

Number 1 – "90% of what you worry about never happens."

Think about all the ways you are distracted and what causes you to lose confidence. It might be potential tax law changes, competition, client problems, breakdowns in communication. These are all things that mess with your mind and cause you to question who you are and what you are doing. They have knocked more than one advisor off balance and made some less productive than they should and could have been.

When trials and tribulation strike – how do you respond? Do you wring your hands and delay action? Do you fret and allow the anxiety to impact other parts of your life? It is hard to gain perspective when you are in the middle of the fray. But think back on a recent anxiety that has passed. Were your concerns valid? Did what you worried about ever really happen? In my experience, hardly ever. I've found 90 percent of what I worried about never came to pass. It is too easy to project your fears and concerns into the future and become paralyzed by them.

FEAR is really an acronym. It stands for "False Expectations Appearing Real." Think about that – false expectations are the result of extrapolating current situations in to worst case scenarios. How often does that happen? Yet our mind is a wondrous thing. It can make the ethereal seem real to us. The best way to remain productive is to stop worrying, keep your head down and plow forward. It is okay to anticipate and plan ahead. But don't make the problems real if they aren't.

Number 2 – "Activity breeds activity."

I mentioned Ralph Brown, my general agent, proved prophetic when he told me "activity breeds activity." Whenever I've experienced call reluctance, (which happens whenever I am not actively prospecting), the only solution is to start making calls. Whether it is telemarketing to contacts and clients or getting out face to face, you have to see the people, the right people to have a chance to make something happen. Invariably, seeing people leads to setting up new appointments, seeing more prospects and then making additional sales. And it is funny, sales success has a way of making fears and anxieties disappear. There is a lot of peace and satisfaction in a high level of activity. It relieves stress to know you have a full calendar and a "work in process" list that is pressing you to start fulfilling the promises. Activity breeds activity. There is wisdom in its redundancy.

Number 3 – "Do what you hate to do first."

Years ago, I read a book called The Road Less Traveled by M. Scott Peck. He describes two types of people. There are those who eat the icing on the cake first, before they will eat the cake. While others delay gratification by eating the cake first and waiting to eat the icing. (Frankly, I eat them at the same time. But I almost always save a big chunk of icing for the last bite.)

It is human nature to do what we like to do first, postponing the inevitable, until the guilt and anxiety build up to the point, you can't put it off any longer. But have you ever noticed that the joy seems to leak out of the fun things if you have postponed the inevitable? Delaying what we dislike to do makes doing it even more difficult.

Do the hard things first. Get them out of the way, then you can relax and savor what you really like doing. It is the reward for paying the price. It's a great way to become productive because once the odious task is over, your mind is free to concentrate on the fun job and you'll likely do it much better.

Number 4 – "Don't do $12 per hour work, if you can avoid it."

When I first started to use this phrase to describe delegation and prioritization, I received a letter from a lady who took offense. She thought I was demeaning clerical workers. She believed I was "putting down" staff. Not at all. I'm encouraging you to hire staff. Build an organization with personnel you can trust to do the repetitive jobs. The jobs you can train others to do. I call it $12 an hour work. (I used to call it $5 an hour work, but inflation changed that. But when I started my business we started people at $5 an hour. Remember what minimum wage was back in the '70s?)

My advice is to hire others to type, scan files, input data, work the computer or run the illustrations – all of those types of things. Your time and energy should be spent making the biggest impact possible, earning the most money you can earn. Money is a measure of your effectiveness. If you are truly a servant trying to help others, the way you know if you are successful is by the results. One measure of the results is the income you earn. (I know there are other measures as well – some that lead to no remuneration at all. But we must remember, to be truly successful in our business, we must survive.) And where are we most effective? Out in the marketplace, making calls. I try to spend the majority of my time out from behind the desk and on the firing line.

Number 5 – "Don't avoid problem-solving for clients."

This is different than doing the hard things first – although solving problems may be hard. If a client is complaining and needs attention, don't delay addressing their concerns.

I think back on one situation where I procrastinated for almost four years before going out to face a client who had purchased a "single premium" second-to-die policy. As rates fell, I knew this policy was in trouble, especially since the insurance company had mispriced it. I admit it. I had procrastinated. When finally my guilt got the better of me, I bit the bullet and went out and saw him. Lo and behold, after I explained the situation he was facing, he put his arm around me and said, "Guy, you're the first agent to come out and face me man-to-man on my insurance and tell me what I should do. I wish I would've met you ten years earlier." But it got better. He then asked me to put policies on his two sons.

So I've learned from that lesson as well as other situations to put your client first. Don't avoid or delay addressing their problems. Face them NOW!!!! By doing so, you will likely minimize the problem as quickly as possible. If not, the problem will get bigger and bigger and bigger in the mind of the client and become unmanageable. Your worst fear will come true. But by acting as soon as you recognize one exists, you can possibly eliminate the problem and save the relationship.

So act now to solve any client problems. Be up front and deal with them quickly. Such action may also avoid potential legal problems. Remember, 90% of what you fear, never happens.

Number 6 – "You don't have a case until you have a problem."

Every case I have worked on has had a single, critical moment – a point in the sales process when the relationship could go either way. I've learned that rather than fear that critical moment – I should anticipate it and embrace it because this is your opportunity to "seal the deal."

When the critical moment arrives and you prevail because of preparation and a positive attitude, you have fortified the decision for your client. Overcoming this critical moment leaves clients convinced they have made a good decision and that you are the right person to work with in the future. Think back on your cases. Didn't you have a critical moment in virtually every one of them? It is a true axiom, "every case is going to have a problem." And if this problem never occurs, then you likely, never had a case.

Finally…

Number 7 – "Act now to resolve all of your personal financial headaches."

Many agents are held back by their own financial ineptitude. Often their inability to solve these problems is rooted in denial. You might rationalize, if a solution were evident, you would have implemented it by now. But if you never knew you had a problem or you kept suppressing it, it does not mean the problem didn't exist.

The real question is simply, "Have you really faced the problem head on?"

Do you have a plan? Are you implementing your plan? Are you putting into action the things necessary to get those financial problems resolved? Be mindful, your financial integrity is on the line every time you meet with a prospective client. They're looking at you very carefully to see if you're the type of person they can trust with their personal financial problems and/or financial success.

If you're not a good steward with your own money … if you're not solving your own money problems … if you're not facing the realities of your own productivity … how in the world are you going to have the confidence to make recommendations to your client? So, what you have to do is the same thing I have done and everyone else has had to do as well. Make sure that your own financial house is in order.

A possible solution is to ask someone you respect and trust to help you gain perspective. Sometimes, just having an outsider look at your situation helps you gain clarity and perspective. And after all, isn't that what we do for clients. Why shouldn't you benefit from the same process?

It Takes One To Know One.

In 1986, my entire financial world caved in on me. Everywhere I looked I was in trouble. I terminated my relationship with a national property and casualty firm to protect my employees from a bad situation that had built up within our unit. As a result, I lost all of my current cases and residual income. I was starting from scratch, with no work in process and a significant backlog of service responsibilities we could not abandon. Consequently, there was no revenue in the pipeline. And even though my loyal employees hung with me, they still expected a paycheck every two weeks.

Add to all of that, the real estate market had gone flat. All of the loans we had to develop property syndications were now being called by the bank. Also, my two eldest children were in trouble and would end up in drug/alcohol rehab … my relationship with my wife was rocky and our church was in the midst of huge split. Things could not have been more crazy. Everywhere I looked, I had a problem. And there was no one solution which would bring equilibrium to my life.

As I pondered my plight, I was profoundly impressed (I chose to believe it was God speaking to me) that I must stay the course. That I needed to just do what I did best, which was work with each issue as it came up and not project into the future fears or problems. I coined the phrase, "I do the work and trust God for the results."

So that is what I did. I just put my head down and did the work. I fashioned a plan of action and implemented the plan. I just did the best I could. I faced all my problems head on, talked to all the creditors, talked to all the people who were afraid they were going to lose money and eventually we made it to the other side. By the way, we never missed a payroll. I never defaulted on any obligations and I managed to participate in a healing process that brought peace and relief to my family.

In effect, I successfully made good on every obligation. But success came because I worked the plan. I never outran my supply lines and I made sure every step was a sure one. Your financial integrity is a function of your ability to face the issues and make the tough choices. Your integrity is all you have and despite adversity, if you are stable and stay the course, you can prevail and succeed.

Those are the seven non-negotiables of life and success for this or any other sales business.

Call Reluctance

Before we launch into the meat of this book, I want to address call reluctance (CR), CR is an ugly animal. It has a way of becoming a integral part of the life of any external efforts. Whether you are in direct sales or dealing with personal problems, the reluctance to face these issues head on only makes things worse.

CR masks itself in many ways. It can sneak up on you and sometimes we don't even know it's there. I remember when I first came in the financial services business, my colleagues warned me "If you have call reluctance, you're going to fail in this business."

I was respectfully fearful. "What is call reluctance? Do I have it already?" "Is there a cure if I do have it now or if I acquire it later?"

Through the years, I've seen call reluctance up close and personal because I've had it. Call reluctance can take many forms; even studying for the professional designations like CLU, CHFC can mask it. I hold several advanced degrees, such as Masters in Financial Services (MSFS) and a Masters in Management MSM). I also have an MBA in Finance. Working on those degrees could be construed by some as evidence of massive call reluctance. Maybe I could've done a lot more business if I hadn't focused on advancing my professional credentials. However, I did implement what I was learning.

Talking, you know, shooting the breeze with other salespeople is another form of CR. Putting your shoes up on the desk, kicking back, instead of making phone calls is CR. These choices become habits over time. Calling up old clients, going to see old clients, working with old clients when you know there aren't many opportunities for additional sales. That's a form of CR too.

Examples of CR are plentiful. Using old methods that don't seem to work anymore, instead of being willing to try new ideas, is another example. Even attending an industry meeting, like the MDRT, or taking other positive actions, such as reading this book at a time when you should be making calls are additional forms of CR.

Salespeople who won't work a system and won't stay long enough to get the chain of compound interest working suffer from call reluctance. They don't want to stick with a workable process, their process, long enough to make it work. Perhaps they are trying to avoid the pain that's involved in being told no.

I guess the final form of CR is making excuses – blaming others. Have you ever heard sales reps for whom failure was never their fault? "This guy did this and this guy did that, then this other rep came in behind me and there's all these things going on…" and they've got an excuse for everything.

Call reluctance brings out the absolute worst in human nature. It puts a face on our frustrations and our anxieties and how we treat people when we're hurting. We come home and we kick the cat, kick the dog, push the kid, yell at the wife literally and figuratively. It is evidence of our fear of failure and our fear of success.

I remember the first year I was in the business, I got right down to the end of the year and was confident I would make all my goals. With three weeks left in December, I was so close, I kind of relaxed. I knew I was going to make it. Then one week went by and I hadn't made it. A week and a half went by, I still hadn't made it. It was almost Christmas and I was becoming very concerned. The last week of the year I hustled furiously and finally reached my goals. Reflecting on that experience, I realized I had almost defeated myself, because unknowingly, I was afraid of succeeding. Maybe I was afraid if I reached those objectives, I would have to face even greater pressure and expectations in the future. There are consequences to success.

I've heard a lot about the fear of success and I sometimes wonder if we aren't our own worst enemy. Let's face it, direct sales is tough work. It's hard work and very few people succeed at it over the long term.

The fact you're still in the sales business is a tremendous accomplishment and tremendous credit to your tenacity and ability to survive. You should be proud of what you've accomplished and you should not worry too much about what you haven't accomplished. It takes five to seven years for a professional salesperson to really hit their stride and benefit from the compound interest they have accrued in the early years. For you to be able to find the best way to run your business and have the confidence you can do it over and over again requires patience and insight. This does not just happen. IT takes time. And this insight will be your most important discovery.

We all have seen the “flash in the pan” success story. Those sales people who hit the ground running and immediately hit that one big case. We never know the details at first, but then we discover it was a family member or childhood friend or someone very close to the salesperson. They started with so much promise, but inevitably hit the wall. They get flushed out because they didn’t have the staying power. Their short term success prevented them from building their personal convictions and they were unable to hold tight to their convictions during the tough times. Even when we make it, success is fragile.

Here I am, with four decades devoted to the business, and even for me, there are a lot of times I look at this year’s goals and wonder if I really want to continue to pay the price. Do I want to continue facing the pain of doing this again? It’s a new year and I’ve got to repeat the process, I’ve got to dig up more leads, more sales, more cases, go through the frustration, go through the anxiety of hitting my goals, making targets…and you never really know for sure, whether you’re going to succeed. There are no guarantees.

That’s why the magic box analogy I presented earlier in this chapter is so important. If you look back on your history and you review your process – you can see the box in action. As you put those prospects in the box (put your high-grade paper in the slot), on a regular basis – you know, money will come out on the other side. All you have to do is work your process. See the people.

You don’t focus on which prospects or clients because you never know which one will become your next sale. You have to work with them all. And you don't have to focus on the sale or the commission, you just have to focus on the process. Think back on your athletic experience, you just stroke the ball, practice shooting the baskets, take batting practice. It is the repetition, doing the same thing over and over and over again, that simplifies the task . You can't stop prospecting – you can't stop proposing solutions, you can't stop servicing. Those are the things that have made you successful. Those are the things which brought us to the place where we are today.

We all know there is no greater satisfaction than the way we feel after we have made a sale. After we have discovered somebody's needs and then presented a solution that solved their problem, or when we've gone out and paid a claim to a family. The financial services business is a great business and we owe a lot to those who have gone before us, who have shared ideas with us, who have taught us and have encouraged us and allowed us to survive to the point where we are today.

Now I hope every reader, regardless of their industry, will find some value in the ideas in this book. In the next chapter, I am going to present ideas on marketing and how to build a presence and a brand in your marketplace.

2

It All Starts Here

Prospecting is probably the hardest task we face as agents. Nothing happens until you are face to face with someone, helping them understand their issues and problems. Seeking new clients, by whatever means, is the lifeblood of any sales business. Being effective and efficient with your time, however, is the key to success. Prospecting takes boldness, ingenuity and courage. Not every salesperson possesses these characteristics. Can you be successful without these characteristics? Of course, but I believe they are developed as you become more comfortable with who you are and why you do what you do.

When we picture prospecting, we typically think about someone calling a list of people. People out there who we don't know yet or maybe don't know us very well. I don't think there is one salesperson in the business who relishes this type of prospecting, especially using a list of cold names. For many, this experience causes nervous foreboding, a shiver perhaps, when they start searching for a new prospect. I know I have experienced this same reaction.

And while I don't cold call any longer, every time I had to suit up and assume my prospecting demeanor, I had the same initial and natural reluctance to call. Yet I still picked up the phone and started making the calls to set up appointments. While prospecting is not something I looked forward to, once I got started, I usually found the contact exhilarating and even fun. And it takes some positive results to get me there.

Two Types Of Prospecting

There are really two basic types of prospecting; situational and relational.

Situational prospecting is using your social environment, your golf club membership, community service organization or children's sporting activities as opportunities for meeting, discovering and evaluating potential prospects. Relational prospecting occurs when people you know introduce you to people they know. Why do they do this? Because they like you and trust you and feel good about you and your services. They want others to share the value you create. Sometimes they work together.

Is there anything wrong with either type of prospecting method? Of course not. Is one better than another? I don't think so, however, we have more control of situational prospecting. And while we would certainly like to have the trust and the confidence that goes with relational prospecting as often as possible, it is important to keep our activity at its highest level.

Although some of my best sales began through situational prospecting, if there was one facet of Marketing Tune-up you should incorporate in your practice, increase your relational prospecting skills and opportunities.

I remember one time when I was with my partner Kent Richardson. We were in one of our marketing areas, Bakersfield. He said "Guy, why don't you go out and play three holes of golf, while I visit with some guys in the men's grill?" Kent has always been a situational prospector. He is well known in his marketplace and highly respected because of his golf prowess. He has won many club championships and other tournaments. Kent's job is to keep in touch with our clients and build new relationships with people he meets. I hardly do any prospecting in this market. He does it all – with golf. So telling me to go play golf was a bit ironical.

I took him up on the offer and went out to play three holes in 102 degree heat, mind you. The first hole I played was pretty sloppy. The second hole isn't much better. But when I arrive at the third tee, I see a fellow walking down the fairway just in front of me. I yell out "Hey. Can I join you?" He looks back and waves me up. Wouldn't you know it, I hit a career drive, straight down the middle with a classic draw that rolls right up next to the sand trap about a hundred and forty yards from the pin. Fortunately, I have that shot. So I get out my seven iron and confidently start chatting with the stranger who is my accidental playing partner. I line up my shot and take a smooth swing. Wow! My approach shot hits the green no more than 15 feet from the pin and stops. You would think I knew what I was doing.

The fellow I just met walks up to his ball, which is only ten yards in front of mine. He swings and puts his wedge shot onto the green, leaving a putt of no more than 20 feet. He misses his putt, I make mine, giving me a birdie to his par. "Hey, what do you do?" he asked me. I tell him, "I'm a professional golfer." Then I laugh and tell him my partner and I are in the benefits business. I quickly add that we handle 401k plans and executive retirement plans for top management. "Oh really, "I have a little company out here in town, why don't you come out and see me?" Of course, I was only too happy to accommodate him. I was so excited. I immediately went to find Kent to tell him what I had done. After all, he was not the only one who could prospect on the golf course.

A few weeks later, Kent and I went out and saw my new "golfing buddy" and found out he wanted to discuss worker's compensation. I don't do worker's compensation. Talk about disappointing. But after several meetings at the course, we eventually won his confidence and did some nice planning for him through his attorney and accountant. The point is, I was in a situational environment and took advantage of it. As it turns out, that was one of the biggest sales we ever made.

While you go through Market Tune-up, think about your relational prospecting methods versus your situational prospecting skills. Can you discern which type works best for you? How you can improve in the other area? Are there ways to turn a situational opportunity into a relational one? By that I mean, do you know someone who knows this person you just met and can reinforce your value? When you combine situational and relational, you have the most personal power and prestige you can get.

Changing Into The Fast Lane

Have you ever considered moving from your current market to another market? If so, how should you do it? Moving from where you are to where you want to be takes courage. It means abandoning what works for a new field of dreams. There are smart ways to do this and not so smart ways. Let me tell you about an old friend. He was a great insurance salesman … in college. He led his class in sales while he was going to school. He was tenacious and exacting. But when he graduated, he decided he would work for his father in their tin can manufacturing company. When he began working there, he soon discovered tin cans were being replaced by plastic containers. (Sounds like the theme of a popular late '60s movie, "The Graduate" doesn't it?) Observing this obvious market convulsion, Steve asked his father about getting into plastic containers.

His father was old school and not really into change. He replied, "Well, that's going to be expensive. You'll need to buy a lot of equipment, which I don't think is wise." So Steve did some market research. He developed evidence plastic containers was a growing market segment. He documented the market explosion and researched the equipment needed. He did his homework and presented it to his father. All his research paid off as his father approved the purchase of one machine. That next year, the new machine produced one percent of their total sales.

Eventually, Steve convinced his father to purchase another machine. Pretty soon plastic accounted for five percent of sales and grew to 15 percent of sales. Today, 35 years later, plastic amounts to about seventy percent of sales. What's the point? They did not abandon what they did to make money, but rather integrated a new selling process into their business plan over an extended period of time.

I think a lot of financial professionals, who want to upgrade their market, make the mistake of changing markets too quickly and end up forgetting what brought them success in the first place. It can be a serious mistake to start working a new market without adequate preparation and a solid plan. I know, because I did it.

When I got started selling insurance, I knew I had to penetrate the business market. I worked the business market three days a week. I would drop in on businesses, cold call trying to find appointments and in general, frustrating myself. I wasn't getting any results. I saw my overall sales results dropping and soon realized my income was going to suffer if I didn't do something. So I scurried back to the "kitchen table talk" market. It was a real struggle concentrating on something I was ready to leave.

Within three or four months, I built my income back up to where I had a little bit of a backlog in the personal market and tried again. But this time I decided to only concentrate on the businesses market one day a week. Not too much later, I started to see some results. Over a period of time, I increased my business market activity to two days a week and then three days a week. Soon after I spent three weeks out of every month and eventually I was into the business market full time.

The lesson learned is simple, go with your fast ball – your best pitch. I liked my breaking ball but until I learned to control it, I needed to use my fastball to stay in the game. Be careful though … whatever market you choose, go at it slowly in the beginning, recognize you need to work at your market of choice and that may mean spending some time in the bullpen before you are ready for the "big tent."

The Difference Between Marketing And Prospecting

Prospecting is identifying possible sales opportunities and then finding ways to introduce your services. Take for example this fellow I met on the golf course. I immediately identified him as a potential sales opportunity. He had a company, it was seemingly profitable and had the right number of employees. My goal was to get us out there to learn more about him and the company. So I identified a target and an opportunity. I was prospecting through what we might call personal observation (situational). But marketing is not prospecting.

Marketing happens when you build awareness of your services in your marketplace. Creating an image and getting people to know who you are is the ultimate objective. This is usually done over a period of time by penetrating your chosen market through newsletters, seminars, advertisements, and other promotional activities you can do. Your goal is for others to tell others – generate word of mouth which allows prospective clients to hear about you and know you exist in that market space. To know you have something to say or offer of value.

Prospecting is tactical, marketing is strategic. Prospecting is an idea, a concept, a process where you directly approach potential clients and give them specific information about your services. Maybe like a rifle shot that hits the middle of your target. This happens when you are talking to prospects specifically about your unique ideas and hoping you they will respond. Marketing, on the other hand, is creating an image, an awareness.

The THREE Best Ways To Prospect

There have been many books written on prospecting – good books, all supporting various theories and methods of finding people to talk to about your services. But it is always a question and a problem for most advisors. I have found only three methods which are viable for me.

Let's list some of the ways to develop new business – first, there is your own social system, second, cold canvassing, cold call telephoning, and third, media advertising and direct mail promotions. Don't forget about seminar selling, referrals, and client repeat sales. But there is a hierarchy among all of these prospecting methods. Methods which make the most sense for you – from a cost benefit perspective.

Most salespeople believe referrals are ultimately the best source of new business opportunities. If we then work our way down the hierarchy, most would put cold calling, I would think, at the bottom of the scale. It's definitely at the bottom of my scale. How would you force rank your list of prospecting methods?

There are two main approaches to creating space in the market and helping people identify their need for products. One is mass appeal and the other is an intimate appeal.

Mass appeal, which includes the use of direct mail, radio and TV advertising, ads in local magazines, trade association newsletters and telemarketing, rely upon the "law of large numbers." The goal is to produce basic introductions which hopefully can be turned into leads and eventually sales. And while many agents have been very successful using these methods, these are expensive and require a disciplined system of follow through to be successful. But my issue is simple, you never know what you are going to get. You might see numerous people before you find one or two you really want to cultivate as long term clients. Separating the "wheat from the chaff" is arduous and time consuming, plus there is a significant element of risk. How much can you afford to throw at this market before you get repaid? Is this the best place to spend your marketing dollars?

But at the core, I think my biggest objection to mass appeal is my ego. By going cold into the market, it says something about me, my profession and my practice. It tells others, I am incapable of generating quality business through my reputation and relationships. If I am completely honest with you, I have traditionally avoided public seminars because I did not want to risk the money or place my reputation on the line.

Now, having said that, I do like private seminars and use them judiciously. My goal is to have someone else sponsor them and have me be the specialist, the expert who comes in and shares ideas and concepts. That appeals to me and I have been successful doing just that. I have been sponsored by banks, affinity groups and other agents to hold seminars – where they were responsible for filling the room. Again, you never know what is going to happen. But often the results can be very rewarding.

The other broad type of prospecting is what I refer to as intimate prospecting. Instead of relying upon the law of large numbers, I instead concentrate on the "law of small numbers." You build relationships to build opportunity. This method is based on asking others to help you. It includes asking for referrals from friends and clients, going to advisors for leads and relying upon your ability to be socially mobile – what I call observation prospecting.

I bet you can guess which method I prefer? Obviously, I like intimate marketing methods far better than mass appeal. But there is an even better method, I call tandem marketing – this is where I combine observation prospecting and direct referrals to create "reverse referrals." What is a "reverse referral? If you think about it, referrals are a form of advocacy or apostleship. It's allowing your work to speak for itself through the voice of others. It allows your centers of influence to transfer the trust and confidence they have in you, to the people who trust them. Through the years, my powers of observation prospecting have created more business than any other method, except joint work.

Let's look at the three most powerful forms of business development I have used to consistently qualify for TOT.

1. Observation Prospecting

This is a powerful way to find opportunity, but it requires a lot of effort. You have to get out and, as Bruce Etherington says in his wonderful book, "See the People."

Where do you observe people? They can occur in your service club, church, country club, or anywhere you go where you are known and respected. An association is a good place to look and even study groups with other business professionals, like TEC, YPO, BBL and others. The point is, you must get out of the office and make yourself known and available.

In order to be successful at OP, you have to put yourself in a position to meet people and then develop trust quickly. Superficial trust can be established through marketing or through word of mouth. But true trust, that deep trust, trust that results in a long term client relationship, only occurs through the consulting/sales process.

What if you are not trusted yet? What if you haven't been around long enough to develop a reputation of excellence? Obviously, it is harder. But it does not prevent OP from working. Frankly, I relied on the OP method more than any other prospecting system in the early stages of my career. Admittedly, it was inefficient and slow, but it was very profitable. I did not grow as fast as I would have liked, but I did make MDRT my first year as an agent. Plus, it didn't cost me a lot of marketing dollars either, just time.

It is important to remember your reputation is built over time. Time is your most valuable asset – time and knowledge. As you are building your reputation, you have to survive. The industry often quips – "fake it until you make it." I like to say – "Say it until you make it."

Positive affirmations are an important and critical part of success. We all get depressed and discouraged from time to time. So it is important to remember our successes and reinforce those in our mind. I had to have a goal – a peak I was striving to climb. And as I climbed it, I already believed I had achieved it. I thought like I had achieved it and I acted like I had achieved it.

It is funny how people will assume a lot about you based on their observations. I am not suggesting anything unethical here. I am simply saying people will draw conclusions based on how you act and conduct yourself. Some of it may not be true … yet. But if you look and act successful, your belief in yourself will draw others to you. People like to deal with successful people. It engenders trust. You don't have to go around saying, "I am new in this business and not very successful yet, but you should work with me anyway, because one day I will be." A neophyte can still work through their lack of experience by joining forces with an experienced, successful practitioner. If you can demonstrate your knowledge and develop your social skills, you can parlay these into an introduction and eventually into the first interview.

2. Joining Forces – The Benefits Of Joint Work

Joint work has been a tremendous source of business and growth for me. Remember, everyone trusts somebody. This is human nature. And if you can find out who they trust and can have that trusted relationship transferred to you, then you are in a much stronger position to work with the individual than if you tried to make the approach yourself. The beauty and reality of doing joint work is that both agents should benefit. The agent with the relationship benefits from seeing the case unfold and hopefully from the fruits of the effort. The senior agent benefits because they have a great opportunity they never would have had if they had not been introduced to the relationship.

In joint work, the trusted agent transfers their bond of trust and confidence to the specialist. When an agent does not feel totally qualified or competent to handle the sales opportunity, this opens the door to bringing in a specialist. The specialist is there to solve a specific problem. Later in this book I will discuss joint work more specifically. There are lessons I have learned which can shortcut heartache and problems if this method appeals to you. There are some real specific, and I think strategic, steps involved in making a joint work arrangement work effectively.

3. Referrals

Third on my list of effective methods for developing business is referrals. Why is this third on my list? There is one simple reason: referrals tend to be across or down, but rarely are they up. If you are already successfully dealing in a market at a high level, say doctors, then referrals are great. A peer to peer referral is very valuable. But too many of us are not at that level or that specialized. And if you are just getting started in the business market, you want to access larger companies. It is hard to get a sole proprietor to refer you to an owner of a $20,000,000 company – with any authority. How is your current "D" client going to introduce you to an "A" client?

That may sound a bit blunt, but the reality is, the agent or advisor you are today is going to change. As you learn more and grow in both capabilities and experience, you are going to gain access to better and better client opportunities. You will likely outgrow your current clients. That is not to say they are not still important to you. You will want to provide them with the highest level of service. These are "demand" clients. You respond when they demand something from you. But you are seeking "command clients." These are clients who command high touch and high tech. They have more economic capacity to use the services you have learned.

As this happens, you will find it harder to leverage your client relationships into upscale referrals. So answer this question. How many heads of hair can a barber cut?

This was the title of my first MDRT talk. I focused on efficiency and effectiveness. Peter Drucker says efficiency is doing things right. But effectiveness is doing the right things. If you want to grow your practice you have to become effective. That means you must see more of the right kinds of prospects. If you allow your survival mentality to drive you away from taking risks, you will grow at a much slower pace.

The name of the game is leverage; and leverage occurs when you allow your staff to do more of the process work and you allow your network to lead you to better opportunities. Then you can focus on what you do best – discovering the problems. Remember, (from *Why People Buy*) we sell problems NOT solutions.

Before we move forward with how to market, I would like to relay a quick story to bring home the points I have been trying to make. I met a young advisor who told me what a great prospector he was. I asked him, “How do you find your leads?” and he says “Well, I just go out there and when I see somebody I stick out my hand and I introduce myself. Then I ask if they have any objection to sitting down and letting me review their financial plan.”

“That’s not marketing,” I responded, “That’s prospecting. That’s cold calling.” And he said, “This is easier for me than trying to get other people to refer me.”

Prospecting is the process of identifying people to talk to. Marketing is developing a system where potential clients have an awareness of you and often find you instead of you finding them. And isn’t that the ideal? It is the most efficient use of your major resource – time. When I first entered the financial services profession, I dreamed of having clients lined up outside my door who would want to talk to me. All I would have to say is, “Next.” Of course that has never happened, but as I market more efficiently, we are getting closer. The more apostles you develop, the more people who believe in you and who are willing to refer you, the higher the probability you will succeed in having people seek out your services. It is all about being willing to take the time and expend the energy necessary to build lasting relationships.

Tandem Marketing – The Power Of Reverse Referrals

What exactly is a reverse referral? Tandem marketing is the most efficient and effective way to develop business I have ever tried. It combines observation prospecting with referral marketing. By combining them you are able to target your market and focus on what you really want to spend your time doing.

Ever hear about someone who sounded interesting or fun? Someone who has a great reputation or business? Someone who lives in an upscale neighborhood? You just know they are financially successful and you want to meet them. But how? Other than knocking on their door, how do you gain access?

Positioning is the key to successful prospecting. How do you position yourself in front of the people you want to meet? When you are doing Tandem Marketing, you ask around. You know the rule? You are only four people away from meeting anyone you want to meet. So start asking. Find out who knows this person and who he trusts. Eventually, your network will give you access to this person. If it doesn't, you need a new network.

Once you have scouted out your strategy, then identify the person who has the best access, the one who likes and trusts you the most and ask them to refer you. This is a reverse referral. Why do I call it tandem marketing? Because you are combing your powers of observation and your network to gain access. Instead of asking "who do you know?" You ask, "Do you know?" First you identify your prospect, then you find the best way to get a favorable introduction. In most cases, the introduction would come from someone who is the prospect's trusted advisor – it could be their CPA, their LLB, their financial planner. But unfortunately, sometimes they trust their golfing buddies best.

Ever wonder where people get their advisors? How do wealthy people find a valued relationship? It's funny and you have probably seen reports on this subject, but prospects tend to trust their spouse's advice and instinct the most. That's right, they listen to their spouse's intuition when it comes to choosing someone who will infiltrate the family system. The lesson here is simple - consider both spouses when you are planning your approach.

We have looked now at my three favorite forms of prospecting – observation prospecting, joint work and referral prospecting. The goals should be the same – getting someone to talk to.

Opening The Case – What Next?

Once you find a prospect, the question is, how do you approach them? What do you say? I have always loved Tom Wolfe's opening phrase. Assume you have developed some rapport with a prospective client, you then ask, "Would you have any objection to discussing your life insurance program with me?" What are they going to say? "Yes" or "No." either way you have an answer and you are on to the next prospect.

If you don't want to make life insurance the "reason for the season," say, "Would you have any objection to reviewing your financial plan with me?" Again, what can they say? … "yes" or "no."

This may seem too simplistic. But I have found simple is best. If you are slick and polished, have too many "right" answers, canned answers, the prospect may not trust you or feel comfortable dealing with you. People want to feel good about their advisor and relationships. This only happens when they feel we are sincere and genuine.

Let's face it, in most cases, meeting someone for the first time is not conducive to a direct, frontal assault. It often takes time to build some rapport. We have to patiently wait for an opening to develop – an opportunity to share with them on a personal level how you can help them. This is the only business I know where intimacy and caring are the primary product we sell. But to do this, you have to be purposeful in your approach. That almost seems like a paradox – both being true at the same time. You have to be purposeful and deliberate – but at the same time you have to be sincere and genuine. This takes real talent and commitment. You have to indeed care. And it can only be developed over time. An advisor who is only in the financial services business for the money will eventually fail. And if they don't fail, they will leave a long line of dead bodies behind them.

Remember, your goal in the initial contact meeting is to establish a reason for getting together again and to fix a time when you can sit down and have a meaningful discussion. This often starts with what is referred to as an "elevator talk". If you met someone for the first time on an elevator and you had 25 floors to develop interest and ask for an appointment, what would you say?

Building An Elevator Talk

The elements of an elevator talk are simple. There are three phases – positioning, postulate and positive response. First, you have to be positioned. This is when you are asked by the prospect "what do you do?" This leads to your postulate - a short, but provocative description of what you do. The final step depends upon the reaction of your prospect. If they respond positively, you ask for an appointment. If they ignore you or don't show any interest, you have to wait until for another opportunity.

How does this feel to you? You just walk up to someone and say, "Hi, my name is Guy, let me tell you what I do." How far do you think you would get? Probably, not very far. And even if you did get the appointment, what are the chances they would write you a big check? There must be a better way.

So instead, when you meet someone, be patient. This is hard for a lot of us. It was for me. I want to get on with it. But we have to wait for them to become curious. The great thing about allowing them to become curious about you is it signals they have some interest in you as a person. Trust is directly related to the strength of the relationship. It isn't much fun working with someone you don't like.

Imagine being at a social function. You are standing around and see someone on the other side of the room you would like to meet. You go up to them, introduce yourself (it is almost like courting). "Hi, aren't you Bill Roberts?" "Why, yes I am, and you are?" "I'm Guy Baker, I was invited to this function by Sam Dodds. He mentioned you might be here and said we should get acquainted."

"How so?"

"Sam and I have been friends for many years and he told me you were are a very successful consultant. What type of consulting do you do, Bill?"

Notice you start the conversation by asking an open-ended question that evokes a long, explanatory answer. You are talking to Bill about Bill's most fascinating subject … him. This is where patience comes in. This could go on a long time. You need to let Bill wax eloquently about himself, his business, and whatever else he might want to tell you. Contrary to opinion, this is not wasted time. It is a chance for you to display some of your listening skills and intuition. If you act and sound interested, how will Bill respond? Can you remember what it is like when someone actually is interested in you and what you do. They are active listeners, fascinated by who you are and how you have achieved success? Granted, this does not happen very often but when it does, it is flattering and feels good. This is what you want to create for Bill. It is a compliment beyond measure. So, ask meaningful questions. Probe his background, experience and skills. Find out about him and how he became successful. It is fun to discover the secrets of success from someone who is successful.

Now, if Bill is at all human and sensitive to other people, eventually he will tire of this one sided conversation and have to, almost out of obligation, ask you what you do. This is the moment you have prepared for – this is your three minutes of fame and perhaps fortune. So you better be good. You better have a good elevator talk prepared. You have one minute to get Bill's attention and hopefully he will ask, "how exactly do you do that?"

Some agents are a genius at the elevator talk. They take it very seriously and work hard on having the right nuance and turn of phrase. Others pass it off and think the power of their personality will win the day. Which are you? I think it is important to be able to succinctly state what you do. I need to grab my prospect's and hopefully connect on a business level.

Do you know what you do? Can you summarize your value added in a couple of sentences? Chances are, if you have not thought about it, you can't. Yet, this is the entry through most sales doors. It is the key to their heart and their life. If you can explain your services in a sincere, honest, appealing way, Bill will say … "That's very interesting, we should sit down some time and discuss this further."

What would you do if a new prospect, someone you just met, said that? Drop over, dead? Most of us would I bet. But it does happen. And it can happen more frequently than you might expect if you have a good elevator talk. We'll get back to the mechanics of this later.

Hierarchy Of Relationships

Many in our business think property and casualty firms and financial planners are a good source of leads for life insurance sales. They may be, but often clients trust their P&C agent or financial planner for specific services and reasons. That reason may not include estate planning or business succession.

Buyers want to do business with sellers they trust. Many times, I find buyers have what I'll call, "hierarchies of relationships." For instance, most businessowners come attached to an attorney. They trust them and often make them an integral part of their planning team, to the point where they won't make a decision without their counsel. Frankly, I think this is smart.

Likewise these businessowners have similar relationships with a CPA and possibly have a financial planner or investment advisor. In fact, I was working with a long time client who had just changed attorneys. The attorney got the team together. I was seen as the retirement specialist. In the conversation, she asked him (the client) if he had a financial planner. Then as an aside, said, "I am finding that most of my clients have a financial planner now." Fortunately, the client saw me as more than a financial planner. But I am sure if I had not been there, the attorney would have suggested he get one or would have referred one to him. The point is, more and more, the financial planner is being seen as a vital member of the team.

Rarely will a banker attain advisor status. Bankers typically refer banking customers on an introductory basis and rarely for specific services. In fact, if the banker can see you as a solver of specific problems, you are far more likely to get a lead than if you are seen as a generalist. When you get a referral from a banker, you are probably one of several they are giving. They seem to think there is a code of ethics which demands they give three names. So you are on your own. You have an opening, but there is little in the way of a creditability or trust transfer. Under those circumstances, the prospect may not be very receptive.

Another example within the hierarchy might be a golfing buddy. Your prospect and his playing partner may be great friends on the golf course, but there may not be any transferable respect for good judgment or business acumen.

Once, a prospective client was referred to me by one of his golfing buddies. We discussed my services and he asked a lot of questions. But I never saw him again because the relationship I had with the referrer was not on a trust-confidence level, and frankly, I did not pursue the relationship. What's nice about this business is our ability to work with who you want and to eliminate those you don't, simply by not following up.

I have conducted many seminars over the years through affinity groups, which is a great way to meet large numbers of qualified prospects in a short time, on a positive basis. Some come up to the front, ask questions, and leave a card. But the majority don't. However, I discovered there is a definite half life attached to that presentation. And if I can have someone in the leadership help me identify and meet the best prospects in the group, I am usually greeted warmly and have an attentive audience. But I have to move fast, otherwise I will lose whatever positive feelings they may have had.

Through the years, I have developed two association relationships. I have numerous clients in both. As a result, I have name recognition. We have client buzz and I have the opportunity to create reverse referrals among the members. You need apostles – people who believe in you and have benefited from your services.

Measure Your Five Constituencies

One final thought before we look at marketing.

Measure your five constituencies. Look carefully at your prospect files, your client files and your network files. Rank them. Do a critical assessment. Who are your strong sources for future business? Who can you convert into an apostle? Are there are any common denominators? Establish your hierarchy.

What Are The Five Opportunity Constituencies?

The first is your existing client base. Maybe they aren't all prospects for you right now, but some will certainly be in the future. Identify your vital few – your top twenty percent.

Second, look at your referral sources – any bankers, accountants and/or attorneys you know professionally or socially. These professionals can be an important asset. You need to stay in touch and constantly give them ideas specific to their client base.

Third is your target (ideal) market. Look closely at your clients and any businesses you have worked with in the past. Do any of your clients own a business you have not approached from a business perspective? Do they work for a business that might be a prospect? Scan your opportunities. Ask! Are there any common denominators among these various constituencies? Are there any specific markets or industries you have repeatedly contacted successfully? For instance, I knew an agent who had a presence with manufacturer's reps. His entire client base was comprised of these reps. He got the buzz going. His early successful sales enabled him to penetrate this market and he became known as an expert in their unique problems.

A fourth constituency is your staff. Consider those who work for you as a potential referral source. Ask them about possible leads among their family and friends. If they like you and trust you, your staff will be strong advocates for your services. They will do business with you. I have never overtly prospected among my staff. But I am gratified when they come to me with questions or problems.

The fifth constituency are your client's suppliers … your suppliers as well as the suppliers for your clients. In some cases, if you watch the newspapers or you talk to your clients, you will discover they do business with some very significant companies. Your client's reputation with their vendors can be a door opener for you. For instance, if you have a client who buys a significant amount of equipment or services from another vendor. There may be an opportunity to do a reverse referral.

The point is, you need to carefully examine your five constituencies for potential opportunities. And remember this, just because an opportunity does not exist today, does not mean it won't emerge in the future.

Marketing Is All About Branding

Now let's take a look at marketing. In our world, marketing is really about branding, name recognition and making yourself referable. Can you develop specific skills and knowledge others don't possess? Your unique abilities can lead to referrals and eventually sales.

Have you been listening to news broadcasts recently? Frequently, you will hear programs expressing concerns about retirement. Retirement planning is a saleable skill. The millions of baby boomers who are nearing retirement age will have to deal with this issue. How many won't have enough money to retire? Scanning the horizon, so to speak, for opportunities gives you new ideas to share with your constituencies. By capitalizing on your unique knowledge and awareness, you can position yourself to be a retirement specialist. When this happens, referrals for your services will increase.

At the point you become known for the problems you solve, your reputation is enhanced and your value to uniquely solve these problems becomes known. You are no longer prospecting, you are instead marketing. You are building a reputation for excellence and competence. Knowing all about 401ks is a dynamic example. If you can become a 401k specialist, companies and individuals will likely seek you out to help them find solutions for their retirement concerns.

Similarly estate planning is another area. But you must distinguish yourself from the crowd. If you become known for "zero tax" planning, solving succession or inheritance issues or helping family transfer assets without liability or risk to the next generation, you are no longer just an insurance agent, you are seen as a source for cutting-edge ideas and you are adding value to the process. Ideas that solve problems or concerns make you more valuable in the marketplace.

Marketing is more than placing ads, doing a radio spot or being quoted often by the financial wags. There is nothing wrong with doing this type of marketing, but most often, the best marketing occurs when word by-word-of mouth. For instance, I often shock my prospects by telling them they don't have to buy life insurance to resolve their estate planning objectives. If they are paying large premiums, you can bet they want to hear what I have to say. When I first realized this important principle of marketing, I was afraid to implement it. How can selling away from what I do, help me? Think about this.

If you approach every high net worth prospect on the basis of "The answer is life insurance – now, tell me, what is the question?" You will be acting like practically every other financial representative. Sometimes, it feels like everybody in the world is talking about buying life insurance. That the world is full of agents showing why the client has to own life insurance. But if you take a different approach, by showing them why they don't need life insurance and your reasoning makes financial sense, what are the chances the prospect will want to discuss these matters with you? Who could say no to that?

Even if you show them how to avoid life insurance, for instance through valuations discounts, alternative methods of funding or just plain setting up a sinking fund, you have provided them with perspective. After all, there are many ways to solve business problems that have nothing to do with insurance.

The key to selling is relationship based. People will do what they want to do. But if they don't know their options, then how can they make an informed decision? Most people are options deprived. They know there is something wrong, but they don't know how to approach a solution. In some cases, they don't even know there is something wrong. Our job is to open up the mind to possibilities they did not know existed. If we go into a meeting with the same solutions they have heard, there is a strong possibility they will reject the initial overture and not even discuss it with you.

When you use the shock approach … often used in speech making to gain attention … other business opportunities will open up. It maybe a deferred compensation plan, a keyman policy, executive disability coverage, long term care, or perhaps investment opportunities. So we have to get outside the proverbial nine dots. We have to get beyond traditional thinking and start thinking of ways to help solve problems. It is important to remember, your prospective client probably knows there is something wrong with their planning. They just don't know where to start or who to do it with. Here is an adage my partner Stan Mountford uses. He says, "When you don't know what to trust, you had better find who to trust."

So, What Is It Exactly That You Do?

This has always been a difficult question for me. I have never wanted to paint myself into a box. Why? Because I don't do just one thing. When this question arises, it is called the "elevator talk." Or as my friend Dick VanderSande liked to call it, "His cigar talk." That's where he sits down to talk with a prospective client and has a glass of brandy and a cigar with them. Eventually the question comes up, "Tell me Dick, what exactly do you do?"

You don't want to get tongue-tied and you certainly don't want to jump out there and say "I sell life insurance" as your initial introductory overture. The key to opening a case is to intrigue them with provocative ideas and thoughts. Sometimes it is important to buy some time. When this happens, ask a question. Find out what areas of financial concern they may be thinking about. Remember, to talk about the problems we solve, not the solutions we sell.

I often respond by saying, "That's a good question, let me see if I can answer it with an example." Then I will launch into a quick story … "Not long ago, we had an opportunity to help a client who wanted to transfer his business to his son. The company was worth $5 million. He discovered that if he sold it to his son, the tax cost would exceed the value of the business. But after we finished working with them, we were able to reduce the transfer cost to less than 40% of the sales price. We designed a way to sell the business to his son, which was a $5,000,000 business, for $1,000,000 by converting capital gains to ordinary income." They will often ask, "Why would you do that?" Let me ask you a question, "if you could net the same amount in your pocket, would you care if you paid capital gains or ordinary income – if the net result saved your son $3,000,000 in taxes?"

Responding in terms of the problem you solved rather than telling them what you sell, positions you for a relational opportunity and that's good marketing.

Capitalizing On Your Uniqueness

I believe being known by the problems you solve sets you apart from other financial intermediaries. Focus on the problems, not the solutions.

Besides being known for the problems you solve, you can establish a reputation for your acumen. Being referable creates marketing awareness. You can do this in a number of ways ranging from speaking at seminars to writing newsletters or articles for associations in the industry newsletters or trade journals. Creating name recognition is a way to open the door wider as you make an initial approach.

Several years ago I was asked to speak at a regional association of engineers. I held two sessions. One was on financial principles and the other was on tax strategies. At the end of the talk, a man in the audience came up and said hi. He threw his card on the table and told me to call him when I got back into town. I had met him a couple years prior when we had discussed disability income for his key employees. The discussion had not resulted in any business. But now, he was intrigued by the seminar. I saw him a few weeks later. The end result was a terrific project that resulted in a significant insurance sale.

But how did it start? Awareness, relationship, creditability and marketing through a seminar.

Think about how you can best tell the market about your skills and knowledge. What is a professional way to make your services known? After several months of dropping in on the group, you can start aggressively following up with a phone call to names you select from the list of prospects.

I like using a newsletter to precede a business call. This is a great ice breaker. If you use a telemarketer, have your marketing person follow up on your prospect list. Ask, "Have you been receiving our newsletter?" or "Do you have any questions on the article about retirement planning?" This will often lead to an appointment. The key is to make the most out of your business day. The idea is to be the most effective you can during your 12-hour working day. And if you are, you are likely to do more business than someone who works less. If you are more effective, and you are doing a great job with your time, then you are going to be getting your share of the business. It takes time to learn how to be effective. But I am convinced anyone can sell if they work at it. They need a good product and good training … but the key to sales success is activity. We have to learn to be more effective. This can only be accomplished by getting the word out to more people so they recognize who you are when they hear your name on the phone or by mail or referral. Ask, ask, ask!

Most marketing experts say it takes eight to ten marketing touches before a prospect will open the door to you. Years ago, I think it took a lot less, but the overload of marketing activity has desensitized most of our prospects to marketing information. The only way through their malaise is more touches. Most marketing, advertising, and PR organizations say the level of contact must be targeted, specific and frequent. Marketing is about enhancing the probability they will recognize you. The thought being, if I have heard from them, then they must be creditable. This is why becoming referable is so important. If you are known by the problems you solve, it shortens the touch process.

By becoming known as an expert in some aspect of your business dealings ... whether it is retirement planning, estate planning, business planning or investment management … you attract people with those problems. Other specializations could include: charitable giving, family legacy planning, long term care and disability. There are all sorts of niches where most agents are not knowledgeable. If you can specialize in any of these areas, you'll be able to cast a wider net to catch the business. Become distinctive. Have a fastball that you can get over the plate every time.

Skills in other fields can also help establish an awareness for you. Whether it is tax planning or by playing an instrument or sport, use that uniqueness or God-given talent to impress those around you and to expand your business contacts. Then finally, take a chapter out of the service aspect of our business. There is so much 'buzz' about the power of service today. Become service oriented.

Make personal contacts. Have your staff available to help community causes. Be value added. Always be willing to serve. Make certain your clients complete their planning. Get those wills signed. Go beyond the call of duty so you are adding value to your primary service. Sure, it takes time. But it also builds trust and confidence. It shows you care. So often, we sell the insurance but ignore the real estate planning issues. That is failure of the worst kind because it represents an opportunity lost. Our job should be to make sure everything possible is considered.

Setting Up An Activity System

You may recall I said you need to develop a prospecting system. What you need is a prospecting method which will feed names into your money machine. I develop this concept in my book Why People Buy. But, in essence, each of us in sales has a money machine. It is our business systems – the people and processes we use to be successful. If your machine only produces money when it has prospects, doesn't it make sense that you need to insert as many prospects as possible? So how do we manufacture prospects? How do we set up a system?

I have tried numerous methods for developing leads through the years. We all have. But the concept that has worked the best for me is what I call my 2-a-days. Where did that term come from? I think of it more as focus than a system. But 2-a-days results in business anyway.

I played high school football during my freshman and sophomore years. In the fall, before the season, the coaches called practice twice a day. I grew up in the desert. San Bernardino County, California, was very hot. So it was impossible to practice in middle of the day. But early mornings and late afternoons were almost bearable. So to get us into game condition, the coaches got us out in the early AM and then brought us back for the early evenings, when it had cooled off a little. The coaches referred to those conditioning practices as "2-a-days." When I first went into sales, I adopted that phrase to describe my goal, to focus my activity.

The only way to succeed in the sales business is to work at it. Isn't that true? Discipline requires three things, a passion, a reason and a goal. Many coaches and motivators most often focus on the goals. But a goal is insufficient unless you have a passion for what you are doing and an intellectual reason to keep doing what it takes to achieve your goal. But reason and passion are insufficient without direction and focus. All three work together.

In the excellent movie, The Gathering Storm, Albert Finny plays the irascible and farsighted Winston Churchill. With that cigar hanging out of one side of his mouth, Winston tells his followers that they must KBO – "keep buggering on." No matter how hard it gets, KBO. And isn't that true for us. No matter how much we want to quit, we have to KBO.

Passion motivates us to action when we want to quit. Passion is the driver that causes us to get up in the morning and to stick with it when the odds seem too overwhelming. It is passion that causes us reach down inside and strive when we really want to quit. We don't do this to attain our goal. And if we do, it is impossible to sustain the motivation year after year with nothing bigger to reach for than the goal. Passion is the spark within us that drives the soul to action.

But it takes more than passion and a goal. It also requires reason. Reason is the rational process we use to ask if it is worth it. We may have a the guts and can taste the glory, but at some point everyone asks, "What's it all about Alfie?" Tell me again why you are doing this? Reason attests to our intellectual acuity. It gives us an objective focus and adds depth to the passion. That reason may be survival, it may be to educate your children or to provide security for your family. The reason may be more far reaching. It may include a desire to serve others. But without, the passion will wane and the goal will disappear. It takes all three to successfully KBO.

My heartfelt passion has always been to help others achieve what they didn't think they could achieve. I derive great joy in seeing people become better off as a result of my intervention. I have always seen the financial services business as a call, a mission. That my gift was to help others find hope and alternatives when they thought none existed.

My reason is based on my belief that if you teach people to fish they are better off than if you just give them a fish. My reason feeds my desire to show people they can be independent and stand against the storms of change and trials. My reason all is driven by my belief that people are much more capable than they think. All they need is someone to show them the path. Intuitively, we know everyone, at some time in their life, will face adversity – whether it is health issues, family conflict or business setbacks. How they deal with these problems will often be the difference in whether they survive or fail. Encouragement and a plan can be the difference between success and failure.

But my reason and passion are just whimsy if I don't put them into action. That is where goals come into play. Goals measure progress. But real progress is only determined by how well my reason and passion hold me accountable. If we are passionate, then there is nothing that can stop us. Being weak in our resolve, takes us off course and interferes with progress. Call reluctance is nothing more than allowing our fear to diminish or overcome passion. If call reluctance sets in, then we will fail. To overcome call reluctance, you have to engage your courage to achieve your objectives.

Overcoming Fear Of Failure

For me, failure was never an option. I was afraid of failure, but I was not going to let failure conquer me. The only way out was to have a passion so big that the fear could not override it. Once I felt the passion, I could develop the reason and then establish the goals needed to live my dream.

My goal had to describe my passion. It had to be a goal I could measure and accomplish with regularity. I used the 2-a-days to obtain my goal. I broke my goal down in to small increments and used the 2-a-days to hold me accountable to it.

By obtaining two new names and putting them into my inventory every day, I was able to develop the activity and the habits needed to reach my goal. But my passion was the driver. My passion is what got me up every morning. My passion was what helped me be accountable as I worked toward my goal.

By doing 2-a-days, I would never have a prospect shortage. If you obtain two new names every day, there is no worrying about opening or closing interviews, sales calls or fact finders. You have plenty of activity. These steps in the sales process take care of themselves. All you have to do is focus on the basics – finding people to talk to about your products and services. By starting with the beginning of the process, you get a good flow into your money machine. Put in two new names every day.

Why two? Why not three, four or five? Why every day? Why not every week or month? Goals are personal and frankly, you can make your goal any number you want.

I wanted to make 100 sales a year. That was my goal. That's two sales a week. If I hold three closing interviews a week (closing ratio 2 out of 3), how many names do I have to process to hit those objectives?

Early in my career, I needed 50 names in my inventory each month to hit ten sales. If I obtained two new names every day, at the end of a month I would have 40 names. Add these to the carryovers from previous months, and I would have a solid inventory to work for opening interviews and eventually closes. But through the years, I discovered I can only fulfill so many promises. With every opening and factfinder, I am making promises and promises require research, reports and service. These build up and eventually stop my progress. So there is a unique balance between the promises and the activity. For me, two new names everyday was just the right number.

I will talk about hiring staff and building an organization in a later chapter. But it is important to make this point. If I overwhelm my staff, I cause dysfunction and morale problems in the office. So while it is important to keep a steady flow of activity, it can not be so overwhelming that the staff becomes unhappy and inefficient. Again, for me, two new names was the right number. At the end of a month, if I am faithful, then I have more than enough names to meet my objectives and fulfill my goals.

Implementing 2-A-Day

So how exactly does this 2-a-day work? First you need a criteria. Your criteria helps you decide if you are talking to the right people. Then you have to decide what you want to talk about. When you find someone who fits your criteria and is willing to talk to you about your product or service, you are half way to your daily goal. Alan Boal calls these ideal clients. So for a name to qualify, the person I am approaching needs to know exactly what I am asking them to do. Whether I am going after 401(k)s, asset management, estate planning, business succession planning or offering a specific tax planning or insurance ideas, the prospective client must acknowledge the reason I am calling and actively agree to discuss my idea with me. Here is the secret – if I feel the prospect is a quality contact and they really mean it when they say they will discuss this idea with me, then and only then does it count as one of my 2-a-days.

Think about it. If you can get two qualified prospects every day who agree to discuss an idea or concept you are marketing, and you do this consistently over a period of three months, you will have 120 prospects. Think of it – 120 prospects who know you want to see them and have agreed to meet with you. Is there any sales person or consultant who could not use 120 solid prospects? Granted, all 120 of them will not stay in your system. Maybe you will only retain 30 or 40 of them. But if you keep doing this over the course of a year, you are going to have plenty of prospects to see and plenty of cases to write.

Compare this to some of the better known prospecting systems. Direct mail, telephone marketing, seminars – they all work on the same principle – the law of large numbers. The key is to find enough of the "right" type of prospects so you can winnow your list down to the vital few. How you fill your funnel is a personal choice.

Another good way to discern how effective you are is to use a point system. Of course there is always the one card system sponsored by Northwestern Mutual Life. But the point system is different. Carey Hauenstein, a past president of the MDRT, shared this idea with the MDRT years ago. Here is how it works.

You give a prospecting score to each activity you perform during the day. Then you accumulate the score at the end of the day by adding the number of points you earned. For example, let's say you earn one point for finding the name of a viable prospect. You get two points for converting the name in an opening interview. If you obtain a fact finder you get five points and maybe 10 points for making the sale. You get eight points for obtaining a referral. Each week you tabulate the number of points you earned. Make a chart showing your week by week progress. After you have done this long enough, you can develop a monthly and quarterly average.

If you compare your point totals to your income, you will see there is a direct correlation between your good months and your not so good months. If you go back and look at your points – you can see where you are strong and where you need to work harder.

Here is another benefit. Take your income for a year and divide it by the number of points you tallied during the same period. Now you have the value of each point. So if you average 400 points a month and earn $10,000 – each point is worth $25. So if you want to double your income, you need to double your points. At the end of the next six months, if you are averaging 800 points a month, then it is very likely your income will be approaching $20,000. I am sure you get a good idea of how this works. The important thing is having a passion, a reason and a goal. Then having the personal discipline to manage that goal.

Another popular system taught in sales seminars is to take poker chips and load up one of your pockets (or purse). Then transfer a plastic chip from one pocket to the other after completing some aspect of sales activity. You could do it every time you make a phone call, hold an appointment, make a sale. But your day is NOT OVER until your pocket is empty and the other one full. This reward system is used to keep you focused and motivated to achieve your daily objectives. Again, regardless of the method, you need to have a system based on proactive results that are measurable. Once you have established consistent work habits, you may not need this tool any longer. But I have discovered it is important to feel successful. Methods of rewarding consistent, beneficial behaviors is an excellent way to reinforce positive behavior. It also adds up to successful marketing. Try it on a regular basis for best results.

Notice, I am not really advocating any specific method.

I have given you a couple. But the one that has worked really well for me is the 2-a-day. It is much more important to understand the principle. And here is the key - analyze your strengths and weaknesses. Review your records and measure your historical results with simple math. Be very clear about any deficiencies you feel may be holding you back. Once you have identified areas which can help you become more productive, then strengthen them through adding processes and systems.

I am reminded of a quote attributed to Dan Sullivan. He says that if you focus your efforts on strengthening your weaknesses, you will just have strong weaknesses. This is not what I am saying. I am suggesting you find ways to delegate your weaknesses to others. By setting up systems and processes that will protect you from your weaknesses, you are freed up to concentrate on your strengths.

Let's assume you are doing a good job of prospecting. But your records show you are not closing a high percentage of your sales interviews. You come to a coach for some help. What would the coach tell you?

First, they might say you need to determine whether the fact finders were truly qualified leads. A lot of times, sales people will work with someone because they have no alternatives. The result is predictable. The closing ratio will be lower than if you were working with qualified prospects who want to buy. (Solution: Do a better job of qualifying your leads. Tighten your criteria. Make your "deal before the deal" more restrictive. There is nothing worse than wasting time on bad prospects.)

A second cause might be your factfinder. You are getting good prospects and you are moving them in to the factfinder. But for some reason, you are not determining the real need. The result is your proposal is weak and your attempt to close falls flat because the client does not own the problem. (We will look at this further in the coming chapters).

A third reason might have to do with the actual presentation. You are doing a great job of prospecting, you have done a thorough factfinder, but your presentation assumes they understand and have emotionally accepted the problem. Assumed consent is not a particularly strong closing method. Never ask a question you don't know the answer to before hand. If you are assuming they are sold, you may be making a BIG mistake.

To really analyze your results, you need to do more than use gut feelings. It is important to really look hard at your results and effectiveness. Take the number of sales (100) and the amount of income you have earned ($250,000) on those sales. Then find out the number of opening interviews (400) you hold and how many openings result in factfinders (250). How many factfinders does it take to get a close? (200) Now, look and see how many closes it takes to make a sale? (150).

Using these numbers –

Closing Ratio	150/200 = 75%
Opening Interviews to Closing interviews	100/400 = 25%
Average Close is worth	$250,000/100 = $2500
Average Opening is worth	$250,000/400 = $625
A good fact finder is worth	$250,000/250 = $1000

Where can you improve, looking at these numbers? If the opening interviews to closing interviews ratio improved, there would be less wasted time and more value to the close. A good opening is worth $625. But you have to hold four openings to get a close. What if you only had to hold two openings to get the same close? Then your average opening would be worth $1250. So if you held 400 good openings, your income would go to $500,000.

Closing Ratio	150/200 = 75%
Opening Interviews to Closing interviews	100/200 = 50%
Average Close is worth	$500,000/100 = $5000
Average Opening is worth	$500,000/200 = $2500
A good fact finder is worth	$500,000/150 = $3333

Usually, the place of highest opportunity is the close. In this example, the closing interview is worth $2500. What if you could make it $5000? So if you improved your opening to close ratio to 2:1 and increased your average size sale to $5000, you would earn $500,000 with a lot less effort. Or if you maintained the same 400 openings but improved your ratio to 2:1 – you would now be earning $1,000,000.

Closing Ratio	300/400 = 75%
Opening Interviews to Closing interviews	200/400 = 50%
Average Close is worth	$1,000,000/200 = $5000
Average Opening is worth	$1,000,000/400 = $2500
A good fact finder is worth	$1,000,000/200 = $5000

How do you improve? Pick your five best sources of sales, like client repeat sales, referrals, observations, orphan policy holders, and allocate your openings and your number of sales to those five categories. Then track your results and see which category you are actually getting the best results. Put your extra effort where you get the best results.

Think of yourself as a consultant and you are your own client. Bad arrangement – but it works if you are honest. If you were your own client – what would you recommend? Do the analysis and then implement it. See what happens. Experiment. It is ok to fail. Failure is never terminal, only quitting.

Think About The Basics

Getting back to the basics and learning our strengths and weaknesses is valuable information. Let's say you identify that personal observations are your best source of new business (they were for me). Now, let's suppose you want to set up a prospecting system which puts you in a position where you can do more personal observation. How do you do this?

I had to force myself to get out of the office more. I made a conscious effort to go to more functions – open houses, community events, meetings. I made sure I was where I would find people. Then I waited for the right opportunity. It is funny how often people will ask "what is it you do?" We just have to make sure we have a good answer and we don't make them sorry they asked.

When I was on a sales call, I would try to find one or two other places in the same general area where I could drop in. Places I had been before or knew about. I would just show up. Amazingly, something always seemed to happen. Activity does breed activity. You have to believe in this postulate. Prospecting takes more faith and courage than any other aspect of selling. We are really in for an adventure when we are prospecting. But without it, we will die on the vine.

Asking For Referrals

Suppose you discover client referrals are your best source of new business. (Why would you be surprised?)

Then purpose to be more effective and efficient about asking for them. If not, maybe you need to be asking for referrals more frequently. When is the best time to ask for referrals? Do you have a referral sales talk? Maybe what you need to find out is where in your sales process you are most efficient and effective asking for referrals? Is it when you are delivering the policy or when you are taking the application? What a lot of people don't realize is how important it is to set up your referrals long before you are going to ask for them. What do I mean?

Suppose you are in the process of doing a factfinder. The client tells you about an experience – a neighbor, or a golfing friend. Someone obviously, who you want to meet. What do you do? Ask to meet them right then? Of course not. That would not be cool. But write down their name. In the course of your meetings with your client, you are likely to identify three to four possible names. When you are ready to ask for referrals, do a "feed and tell." Feed them the name and tell them you want to meet this person.

Then you can do one of several things. You can ask them to call them up and introduce you. (I have never done that.) You can ask them to write a letter on your behalf. (I have never done that either.) Or you can ask for the name and phone number and just call. (I have done that a lot.)

There is something to be said for your client taking the time to make a personal introduction over lunch or breakfast. What an honor to have your client think that much of you to want to make a solid introduction in that way. I have had it happen and it is embarrassing to me, but it is powerful. Frankly, I am still not convinced it is necessary or has any more impact than if I pick up the phone and call for an appointment. Usually, I will make progress faster by doing it that way.

I will confess, through the years I have not asked for many referrals from clients. I have been very selective when I have asked for referrals. I have concentrated on getting referrals from those clients and centers I trust the most. But I really prefer manufacturing my referrals. That way I am using my criteria and targeting people I want to see. Unfortunately, I have found untargeted referrals are a waste of time. Plus, I feel obligated to follow up on them. I have other projects where I can spend my time more profitably.

The best source of referrals is simple. Find the people, people trust. When you identify a prospective client, ask "who does this person trust?" When you have the answer to that question, then you contact the trusted person and earn the right to an introduction. If you want quality referrals, get referred by the trusted advisor. That is a powerful introduction. It takes longer, but when things start to happen – they happen in a very positive way.

When you succeed, you are going to be referred in at a power level where the prospect is more likely to listen to you and do business with you. Until you can get to the level where you can be on a peer to peer basis with those trusted advisors, you are going to have to work your way up the food chain. You will have to earn your stripes by demonstrating your skills, increasing your knowledge and building your market image so prospects and their confidants know who you are. By making these contacts over an extended time, you will penetrate your target markets and you will close more cases with less selling time. So you have to develop a system and be disciplined with that system and hold yourself accountable to it on a regular basis.

Ask For The Order

Here is a good tip – Learn to ask for what you want. I know that sounds obvious but sometimes you just need to feel the permission to ask.

Learning to ask is a short lesson really. Start by determining what it is that you really want to know. When I started in the business, my manager Ralph Brown told me to develop business relations with CPAs. So I took ideas from Life Insurance Selling, Life Association News and from the Million Dollar Round Table proceedings, and compiled “one pagers.” These were solid sales ideas I condensed down to one page presentations. They were simple to understand and visual.

I took these one-pagers to breakfast or lunch with an accountant or an attorney on a regular basis. I would say, “Can I show you an example of a case I am working on that might be interesting?” I knew what I wanted. I wanted the advisor to like the idea and think of someone who might be able to use it. It often happened where they would say, “I have a client who is looking at that right now. Let me introduce you.”

To pave the way to future business opportunities, I would say things like, “Let’s try and work together and see if you like my style. If you like the way I think, maybe we can find ways to benefit both of us.” After a period of time, some of these accountants actually did give me an introduction to selected clients.

Ralph gave me another suggestion which I used regularly. He told me to prospect among the children of family-owned business owners. He suggested I start with my college friends and see who might have a father with a successful business. By doing so over a period of years, I started to climb up into the lucrative business market. I started to work with both generations. This strategy upgraded my market and my results. Along the way I had to learn more about this market and the common needs.

In my first year, full-time in sales (1970), I started taking professional certification courses. I earned my CLU designation in 1973. But along the way, I was studying what I needed to know to be effective in the business market. Realizing the benefits of this specialized education and what it could do for my value added abilities, I also became a CHFC and a CFP. Why? Because it helped me make sales.

This was truly OJT – on the job training. Any opportunity to learn and use the information on the job is worth the effort. I used what I was learning to develop opportunities to talk with live prospects. I focused my sales activity on the very courses I was studying, so I could be more proficient. What you have to do is learn what it is that you want, learn to ask for what you want specifically and then develop the skills and talent to handle the business opportunities that will naturally evolve from the effort.

Having An Advocate

"Guy, what have been the best source leads you ever converted into business?"

Without doubt, my best lead sources have been from attorneys and other agents. When I go back into my database and I look at my best clients and identify the source, I discover there are some common factors. You might want to make a list of the factors that your best sales have in common, as well - be they geographic, income, net worth or industry. Evaluate what road led to the sales. How did you meet them? What led to them talking seriously with you? Something motivated them, what was it you did? Is it repeatable?

In most big cases, I have had someone help me along the way. I call this person my apostle or advocate. Think back and see if there wasn't someone special who made the difference in the case. Create a profile of all of your key clients and see if there was an advocate. Who made the introduction? How did you develop the rapport? How did you build the trust relationship? What was the key to the sale?

When you start meeting prospective clients, look for the pattern. See if you can match the demographics with what you learned from your analysis of other cases. Success is a repeating pattern. It does not happen by accident. Were the problems similar? Were referring parties proactive in helping you establish the initial relationship? Who helped you with the strategy and the background information? Who helped you get the introduction?

Another important element is point of entry – at what level were you introduced? Did you start with the HR department, the finance department or did you start at the President and CEO level? Is your contact the owner or the heirs? Again, was there an advocate?

If all of your best sales had an advocate involved and you are not positioned with an advocate in your current cases, what can you do to establish an advocate relationship? Can you manufacture an advocate BEFORE you move to the closing recommendations? Who can you think of that could fill this critical role for you.

How are you going to find an advocate if one is required? I suggest you solidify your advocate before you ever approach the first interview. They will help you build creditability. You do not want to get into the sales process without having someone there telling this person, whispering into their ear "This is the right thing to do."

Strategic Selling

This brings us to strategic selling. There was a very powerful book written on the subject by Robert Miller and Stephen Heiman. They identified the four types of buyers in the sales process. There's the economic buyer, the political buyer, the benefit buyer, and the coach. The coach is your advocate. There may be a secret buyer. Someone who works in the background and never surfaces until it is too late to change your tactics. The Coach will know about the secret buyer. The authors discuss how to work the system, how to find out who knows who and who does what. Sometimes the economic buyer is not the owner. Sometimes it is the owner's wife or the CFO. You need to know how these people work together and how much influence the secret buyers have in the decision.

Sometimes the owner will pass you off to the wife, for instance, or the financial manager when they are actually being the decision-maker themselves and do what they want to do regardless of the input they receive. So, it is important to scope out the players and the level of influence each have in the decision making process.

Buyer	**Your Relationship**	**Grade**
Strategic	Good	4
Financial	Fair	2
Economic	Excellent	10
Benefit	Excellent	10

Here again, your profiling will prove invaluable in this instance. Know where you have been successful and find out how to reshape and reform your relationships so they most often fit your profile. Otherwise, you might be wasting your time. There is nothing worse than spending time on a prospective sale to only find out you didn't have a chance from the beginning. Wisdom is knowing the signs and being able to discern your chances before you invest too much time.

Think back on the Magic Box analogy. By putting bad prospects into your Magic Box, you produce needless frustration. You must have a good reason to go outside your success profile. If the alignment of factors are not right, then hold onto the lead until the timing is right. You cannot lose something you never had. Think about your good leads. Establish a GPA (grade point average) for each lead – using the four buyers as your grid. Analyze the quality of your clients to determine the ones that merit your attention and those who don't. In this example, the GPA is 6.5. Immediately, you know you need to work on the strategic and the financial buyers before you go to the close. Don't be afraid to be objective. You cannot lose something you never had.

Using The Telephone

We have spent time looking at your criteria, referrals and how to assess your positioning. We have also talked about marketing and how to hold yourself accountable. Now let us do some fine-tuning on the initial approach - working the telephone. I know how much we all love to make the calls. Not!!! We have to say over and over, "the telephone is my friend!!" It really boils down to one simple issue – what is the most efficient way to contact prospective clients for an appointment. You must master the phone. As I see it, there are only three choices – drop-ins, mail-ins or call-ins.

You either drop-in on someone and ask to see them – which is effective but very time consuming. You send them a letter and hope they call you or return the reply card. Or you call them up and try to schedule an appointment. A seminar is just another form of mail-in. Of the three, I have always felt the call-in was the best.

So let's look at how to be an effective telemarketer. To successfully telemarket you have to master the three distinct stages. The first stage is building rapport. The second is to "tell them why you called." And final stage is asking for the appointment. For me, every successful cold-call phone conversation has to have this sequence.

Building rapport is merely establishing common ground with the prospect to soften the second stage "tell you why I called." In general, I have found I have exactly 30 seconds to make this happen. If I can't hear a smile in their voice, some indication of acceptance, warmth, something encouraging, I am DOA - dead on arrival.

After the initial hello, when you sense your prospect is getting weary of the rapport building and wondering who you are and why your are calling, I say, "Bill, let me tell you why I called…" (They are thinking, at last – what is this about?)

"Tell you why I called" needs to be crisp and to the point. You have one chance to disclose the type of business you want to market, be it consulting, insurance products, financial planning, whatever. One ingredient has to be your stature and status. Confide in them that you work with many individuals or companies (ones he can identify with) that are much like him.

If you can mention your referral source, here is where you do it. "Bill, let me tell you why I called. Joe Adams suggested I share with you some of the ideas he found valuable. (No referral? Then say … "I have been working with some companies in the (type of industry) chemical industry and I have a couple of ideas (name the benefit) to save taxes (accumulate wealth, increase your rate of return, save administration expenses, etc.)." I will be in your neighborhood next week, would you have any objection if I stopped by to introduce myself (or … to my coming over there and showing you the type of work I do)? It will take less than 15 minutes."

Notice a few things about this simple statement. First, I am assuming Joe Adams has some clout with Bill. Hopefully, you know this in advance. If he doesn't, you would need to position it differently. Note too, I used the word share. This is a much better word than show, discuss, tell you about. Sharing sounds friendly and puts you on an intimate level with the referral source/ It suggests you are going to share something Joe found valuable. Hopefully Bill will go along with the subliminal message.

Next is ideas – people like ideas. They almost always will say, "Guy, can you be more specific. Tell me what it is you want to share with me." I like this question, because it means they are processing the idea of meeting with me and have not totally rejected me. So you had better have a good answer.

Here is where I use my response – I use "too busy." "Bill, Joe told me you are very busy and successful. Is that true? (Let them answer.) Well Bill, I have found people like you are so busy being successful they don't have time to evaluate the impact of the constantly changing tax rules coming out of Washington. I would like to share with you how I helped Joe deal with these issues. Would you have time next week to meet for about 15 minutes?"

If it is a non referral, then adjust the first part like this. "Bill, if you are like the business owners I work with, you are so busy being successful you probably don't have time to evaluate the impact of the constantly changing laws coming out of Washington. These laws are impacting your long-term planning in many ways. I would like to share with you how I have helped many other business owners deal with these issues. Would you have time next week to meet for about 15 minutes?"

Note how I go back to "the ask." I always close these statements with a request for an appointment. You have to be careful not to sound stilted or as if you are doing this by rote. Make it a natural transition to the close.

If Bill asks again, "Guy, I am not sure I understand what this is about?" – I go to the second part of "too busy." I say, "Bill, most of my clients agree they have a plan by either design or default. That plan was implemented with certain objectives in mind and it has a price tag. But time has eroded the benefits of their plan and the price tag may be too expensive. I would like to show you how we can save you money on some of the common strategies business owners are using today to accumulate wealth and protect their investments."

If Bill hesitates or offers up an objection - then I go back to the "too busy." Bill says, "I have a CPA and attorney who do this for me." I say … "Bill, that does not surprise me (nothing surprises me). In fact, Joe told me the same thing when I first talked to him. (Most of the people I work with initially tell me the same thing). The problem is, your advisors are so busy being successful, it is hard for them to proactively deal with these constantly changing issues. Bill, this will only take 15 minutes for me to show you how I approach this process. Could we meet next week?"

The method is simple. Stay on point. Follow the three steps. Go back to what you said. Reinforce their feelings and close on the appointment. I typically give them three times to say "no" before I sign off. Some coaches suggest giving at least five times, but I don't want Bill to be angry or complain to Joe. So I guard against being too strong on my request. After all, people "will always do what they want to do, when they want to do it."

If Bill says he is just not interested. I say, "Funny you should say that Bill, Joe told me the same thing – several times in fact. (I laugh) But eventually, he decided to trust me and that is exactly why he gave me your name. He felt my services would be beneficial to you. Bill, can we leave it like this? – you think about it and if you decide you want to get together, you can reach me through Joe. I am not going to call you about this, unless you want me to. I appreciate your time and look forward to a time when we might have a chance to visit."

Then I say goodbye. But I will send a follow-up letter and information about us to Bill. I usually loop back around to Joe and tell him about the call and ask him if he would feel comfortable speaking to Joe and reinforcing our relationship when he sees Joe again.

What often happens though, is magic. I will run into Bill in the next few weeks, in person. This happens a lot more than you think. We meet and the next thing you know, we are talking and I have an appointment. But to be effective, you must have a lot of activity going so you can wait until you meet some of your non-appointments on an off chance.

Now lest you think I am a total idiot, I am not going to drop Joe from my data base. I will put him on a mailing system perhaps. Or make certain I ask Bill about Joe from time to time. You have to let nature take it's course. But most of the time, Bill will loop back around and your professionalism will make the difference.

Drop-Ins

Suppose you're out and about and going to drop in on a business near one of your clients. You might say, "Bill, I was just down the street working with XYZ corporation and I noticed your company looks very successful. I have been meaning to stop by and I had some extra time today. Congratulations. I wanted to introduce myself and see if you would have any objection to spending 15 minutes with me the next time I am over this way. I would like to share with you what we have done for other companies like yours. Or if you have a moment, maybe we could do it right now?" Make it real smooth, friendly and fast. Show him you respect his time. Smiling really helps. If the person allows you to continue, go into your "too busy" story. You would be surprised by how well this works.

Would You Have Any Objection?

Closing the appointment can be tough. One way to do it, especially in person is to say, "… would you have any objection?" Tom Wolfe, the great insurance agent from Connecticut, taught me this in the early 70's. He suggested framing the statement around the words, "would you have any objection …" because it forces people to be negative and it is hard for most people to be negative on purpose. They have to work at it and most won't. If I say, "could we get together?" – they can just say no. But if I say, "Would you have any objection to getting together?" – now they have to come up with an objection to why they have an objection and that is a lot harder. It is hard for people to justify their feelings. So often they just go along with it. You can also say, "Would you have any objection to discussing your 401(k) plan with me? (Insert whatever you want to discuss.)" Again, they have to formulate a specific reason for their objection and that is hard to do.

A Review

Let's review real quick here. This is the key to any success I have had in getting people to talk with me. It is the truth. I have seen firsthand how busy people are. They are too busy being successful to pay attention to the proliferation of changes that seems to pour out of Washington. They just flat are not paying attention. So major changes occur that could impact their wealth accumulation plans and perhaps even their net worth. Often during rapport building I mention, "I have discovered that successful people like you are so busy being successful, they do not have time to hear about the changes coming out of Washington that are impacting their planning. May I spend fifteen minutes to share with you some of the things we have learned? Would you have some time next week?"

People inherently are concerned that they are missing out on something. They suspect their CPA has not told them about an idea that could save or make them money. In light of current events, this is more true than ever. The law almost forbids them from doing anything that would help you. The same is true for their attorney. Both professions are overwhelmed with work and are too busy to proactively review the planning for even their best clients. Prospective clients instinctively know that their circumstances are different today than they were years ago and that they need to reevaluate their planning. What's funny is that people who have just done planning often sense they may have missed something too. So the "too busy" appeal to this potential sense of loss and their need to hear what others are doing plays into their worst fears. Try it. You will be surprised by the reaction. It is almost always positive.

Overcoming Rejection

It is a rare agent who is not adverse to rejection. We all deal with it in different ways. And if you are going to do a lot of phoning for appointments, you are going to get some rejection. It is guaranteed. Not everyone who hates phone calls has put their name on the "do not call " list.

When you tell your prospect why you called and then ask for an appointment, be prepared for a negative response. It might be, "What is this you do again?" or "I don't think I want to waste any time on that," or some similar objection. On these occasions, listen to what they are saying and the tone being used. Is the voice hurried or angry? Try to sense what they are feeling and then use that sense to refer to those feelings in your response.

For example, if the prospect sounds angry because of the interruption, then I might say something like, "Gee, it sounds like you are really busy. But it also sounded like I might have made you angry. Did I do something wrong?"

You might be surprised at their reaction. If they are challenged on being rude, uncaring, or any one of several negative responses, most will immediately back off, replying, "No, no you didn't do anything wrong." I will reply, "Oh good. I hoped I hadn't, but I couldn't tell. We find when people are so busy being successful, they sometimes become frustrated with the complexity and it makes them angry. That's exactly why I called. We have developed a process to help people evaluate the impact of this constant change. Would you be willing to spend 15 minutes with me next week where we could sit down and talk about how I do this?"

I might have to add more to make the point, "Most people we talk to are reluctant to waste their time. They think this is about selling them something. I promise I will not ask you to buy anything. But if you spend fifteen minutes with me, I guarantee you one of two outcomes. Either you will be so glad I came out, you will want to continue the discussion or you will determine our process is of no interest and you can walk away knowing you have everything under control."

"Frankly, I have no way of knowing which reaction you will have, but I am willing to invest 15 minutes with you to find out. Can we get together next week? How about next Tuesday around 3:00?"

We must remember rejection is not about us, our process, our ideas, or demeanor. Rejection is about their fear of the unknown. I think we tend to take objections and therefore, rejection too personally. Often the rejection has more to do with how the person feels about themselves. As a result, we react in exactly the wrong way. Instead of absorbing the rejection and reflecting back a positive response – we internalize it and think it is all about us.

This is why the assumptive close is so powerful. It gives you a way to test where the client is emotionally without incurring their ire. If you can sense their feelings and identify them, you can often turn a negative feeling into a connection. You would be surprised at the number of times you can turn an initial rejection into an interview.

You must establish yourself as a person with feelings rather than just a voice at the other end. You have got to give them the sense you are worthwhile, different and care about them. They are not just another sales call. Because you are worthwhile, they are going to want to see you. Besides, how can anyone really say no to spending 15 minutes, if they think it might be worthwhile?

Buying For One Of Two Reasons

Probably the most important advice about prospecting is understanding that people buy for one of two reasons. They either buy out of fear of loss or out of desire for gain.

These two emotions drive virtually all human behavior and is the prime motivator for wanting to talk. You probably won't know immediately which one you are dealing with until you really get to know somebody. When you are sitting across the desk in your opening interview, trying to move the interview on to the factfinder phase, one of those emotions is going to surface. Fear of losing money, security, peace of mind or perhaps making a mistake or looking foolish will be a driver in their evaluation of your services.

Most people have a fear of something and if you can establish what it is that concerns them, then through assurance, third party references or advocates, or their advisors ratifying your suggestions, you can put aside those fears and show how they can remove the danger or achieve the gain they are seeking.

Remember, most people wear a mask to protect their emotions and keep their reactions hidden. That mask is manifested in all of their objections. Prospects aren't going to move forward until they understand the solutions you offer can eventually solve their concerns and problems. So the way you penetrate this mask and fear is by helping them in their own mind, find an understanding of the problem and ultimately a solution that fits.

First, we must understand the problem. Then develop alternatives to solve the problem. Then select what we think is the optimum solution for them. I will go into more detail on how to conduct an opening interview and the fact finding processes in later chapters. For now, focus on the importance of setting the appointment for one purpose … to obtain an opening interview which will lead to developing an extensive factfinder. As Stephen Covey says in his book on the Seven Habits – "start with the end in mind."

The most important step in the sales process is the factfinder. Everything you do is aimed at earning the right to do discovery and find out what problems are looming which threaten the safety and security of the prospect. Whether this is a tangible sale or intangible. Financial or material – every buyer is plagued with indecision and fear.

The factfinder can be a short meeting to discuss the scope and depth of a product sale, or it can be a long meeting, which is consultative in nature. A meeting aimed at discovering deep truths about their goals and objectives. Regardless, you need to cling to one thought – the ultimate result starts with the ability to identify the problem, understand the alternatives, and have the freedom to present solutions, which will optimize their situation. This is an open-handed approach. Almost a take it or leave it mentality. People do what they want to do. So selling is nothing more than facilitating their understanding and belief that your solutions are the optimum solutions for their situation.

3

Selling The Opening Interview

The Need For Leadership

Over the years I have come to understand that clients are looking for one primary characteristic in their trusted advisor – leadership. The complexity of today's world is so overwhelming to most successful people they have become hesitant to take action for fear of making an irrevocable mistake. When they decide to trust someone like you or me, they are saying in effect, "OK, I know I have to do something and I am hoping and praying you will not disappoint me or lead down the wrong path."

This is a lot of pressure to put on an advisor, especially when it is impossible for us to know all the answers. So it is incumbent upon us to develop a philosophy of leadership and problem solving that is honest, transparent and transferable. There is no place in this market for ego or greed. Advisors who are only looking out for themselves may enjoy short run success, but ultimately, it will catch up with them.

The late business guru and lecturer Peter Drucker observed that most knowledge-worker businesses only last 30 – 40 years – about the working life expectancy of the founder. Statistics show very few companies have been passed successfully on to a second generation. As such, the skill and knowledge it takes to be a good advisor often dies when the advisor dies, leaving the client and their family without a succession planner. The only solution is to build a team of professionals who can carry on the planning when the chief architects are no longer practicing their trade. Leadership is needed within the team and with the client.

Leadership is required in several areas to be a professional in the financial services arena. So ask yourself – are you a tradesman or a professional? Are you a product purveyor or consultant? Is your survival more important than the integrity of the solutions you ultimately implement?

Three Keys To Successful Selling

I have spent my entire career trying to convince myself I am a facilitator and consultant – not a salesman. It is not because I am ashamed of being a salesman – I am not. But an inviolate axiom of selling is that most clients want to be in control. Learning to sell through facilitation and consulting will bring the highest level of success. But make no mistake, in the final analysis – nothing happens until someone sells something. Whether it is an idea, a strategy or a product – the ultimate result of the planning process is change – hopefully for the greater good of the client and their family

There are three keys to successful selling – all having to do with confidence. There is 1) confidence in your skills and ability to solve problems, 2) confidence in your knowledge, and 3) confidence in your products. When I have confidence, I am bold and direct in my leadership. When I am uncertain and unsure of the direction a client should take, my leadership is weak. There is only ONE way to solve that problem – develop a process that helps the client discover their optimum path. Then trust the process.

I have found my confidence is transferable. If you display confidence in your initial meetings with a client and then prove in subsequent meetings their confidence was well placed, you will develop long, lasting relationships. It is important to remember in that initial meeting, you would not be sitting there if the client hadn't agreed to talk to you. Approach the first meeting with a a positive attitude. Act eager to share your vision and demonstrate your ability to develop the problems your clients face. Don't become so enamored with your solutions that they become the only reason for your enthusiasm, Remember, some problems do not have products attached to the optimum solution.

A Process Demands Consistency

As I detailed in, Why People Buy, I have been using the same opening interview for nearly 30 years. One of the main benefits is consistency. It facilitates my ability to read the reactions of the prospective client and sense how they are going to respond to my process and style of problem solving. After all, don't pro athletes all practice repetitive skills. They shoot free throws, they take batting practice or infield for the sole purpose of being ready when it is their turn to perform. When it is game time, they must be ready to deliver. The same is true in selling. If your opening interview becomes second nature, there will be few surprises. If you have been there before, then you've seen it all and you will know exactly how to respond.

I developed my opening interview in 1975. It didn't just happen, it was the result of trial and error. The error was rejection and failure to get the next appointment. But through persistence and dogged determination, I was able to work through the fear and pain. I was able to sustain my effort and learn how to survive. I think we all have to have a survival mentality. Success is fleeting. We are only as good as our last case. We make a sale and then we are unemployed. We essentially must start over. Let's face it, nobody cares what you have done? All those plaques and sales awards are historical records of success. But they do not contribute anything tangible to the next interview. The only thing that matters to your next prospect is WIFIM – "what's in it for me."

Now you may think this is being cynical. And maybe it is – but facts are facts. If we live in the past, or in a fantasy world and we are unable to realistically see the truth, who are we helping? Anyone? I don't think so. But having said that – I learned to approach every interview with the same successful attitude. I have the skills. I have the experience and I have the knowledge to provide ethical, supportable solutions to the problems common to my prospective clients. I am merely asking for an opportunity to evaluate their situation and determine if they have problems I want to solve. I have to be given an opportunity to hear what they want, understand their non-negotiables and then develop a contract between us. This contract is nothing more than agreement that says – "I will do this" and "they will do that." More on contracts later.

Why Are They Seeing You?

On the one hand, it would be good to know why they were willing to see you. But in truth, it does not really matter what prompted the interview. They may have had some curiosity or interest based on your approach. Maybe the referrer told them enough to get them interested. But in truth, they would not be meeting with you unless they wanted to see you, otherwise you would not be there. So evaluate "Why am I allowed to be here?" not "Do I belong here?" This is important, because it determines the whole breadth of your attitude.

If you start your process by thinking product, you will bias yourself and the prospect will feel it in the meeting. Think and talk concepts. Focus on the problems. If we focus on products, we are guilty of selling size ten shoes. (I discuss this at length in Why People Buy.) We are guilty of expecting the prospect to fit into our mold, accept our ideas and adopt our thinking. And while this may happen , they will only do this if they want to do it. People only do what they want to do and they only do it when they want to do it. In reality, our ethical and moral fiduciary responsibility is to discover what our prospect needs and wants to do and help them do it. Because, if we can meet their needs, we are going to build a relationship and develop a long term client. This most often results in a sale. But if we focus only on meeting our needs, then we may make the sale but we will often lose the client. They will feel violated and likely not want to reconnect with you. You will likely not want to continue the relationship either.

Riskless Selling

How do you learn why someone wants to see you? If you guess, you might guess wrong. So logically, the only way to find out is to ask. That is why I developed what I call my Risk-Less Selling method. This is a process designed to determine the needs of clients without asking them "interview terminating statements" (ITS). What is an interview terminating statement? A typical conversation might go like this, "Do you have any key people in your company?" "Sure, I have some people who are important to our success."

"What would happen to your business if one of them became disabled, died, or were not able to perform their job for health reasons?"

"Well, we would survive."

"Would it cost you any money?"

"Probably. I would have to find somebody to replace him and I would have to train the new person."

"Exactly, that is why we have developed this insurance program. It helps you handle the additional costs associated with replacing a key person."

This is an ITS – interview terminating statement. What are they going to say? They have two choices, don't they? They'll either say, "That's fantastic! I've been looking for something like that." Or they'll say, "Insurance, is this about insurance. I already have a _______" … you fill in the blank.

To jump to the close that fast is sales suicide. Does it work sometimes? Sure it does. But the higher percentage of time it fails. What if they are not interested in key men, would they have responded to questions on estate planning, tax planning or retirement planning, business succession. If you only have one bullet to fire – should it come from a rifle or a shotgun? At short range, you will do a lot more damage with a scatter shot from a shotgun. The opening interview is much like a scatter shot. You are searching for ideas and problems. Ways to plug in, add value, continue the relationship.

If we go off on this key man tangent when the real concern is something entirely different, we have most likely shot ourselves in the foot. It takes discipline to not do this. Our natural inclination is to see the opportunity and go for the sale. But in reality, the sale could be a lot bigger and more rewarding if we would just delay our gratification.

M. Scott Peck, in his book, *The Road Less Traveled*, talks about delayed gratification. He says people who are unable to wait for their reward have little or no self control and are stimulus driven. The result is they live for the moment and are unable to hold back their urgings and desire long enough to reap the rewards that often comes with patience.

The Bible says that a gift of the Spirit is peace and patience. The conclusion? Wait on the prospect to work through their problems in their own mind. They will decide what it is they want to do. We have to provide an environment where we allow them to open up their minds and deal with a concept that may not be their initial thought or concern. Risk-less Selling is really nothing more than relational selling with delayed gratification. Whether we are delaying our solutions or desire to close the case, it is really about finding out what your prospect really wants or needs before you commit yourself to a course of action or thinking.

We have a strong desire to be a hero and prove our value early in the relationship. We have learned this gets us deals. But in fact, I think it hurts our ability to do deals. We may score quickly but in the long run, the client was not well served by having a quick sale. It is far better to work through all the issues and set up priorities.

Seeing The Prospect As "The Big Catch"

When I think of selling, I often think of sports fishing. I don't mean to be disrespectful when I use this metaphor. Obviously, there is a huge difference between fishing and establishing a meaningful and long term relationship with a family and helping them identify important problems and then provide a plan that will ultimately lead to the best solutions for them. And while there is no direct correlation between fishing and selling, there is one allegorical similarity which bears our attention.

Just as there are different kinds of big fish in the sea, like tuna, sharks, swordfish, sailfish or perhaps the biggest prize of all the marlin, there are many different types of prospects. There are wealthy businessowners, well healed seniors, successful baby boomers and children and grandchildren of successful, wealthy prospects. There are many markets and many needs.

If you are going to go big game fishing, you obviously need a lot more than desire. You have to have the right equipment, the tackle, bait and the ability to use it. You have to know how to set the hook once the fish hits your reel, play the fish and eventually you have to know how to get the fish on board ship. It takes determination as well as mental and physical stamina. It requires staying power. If all this works together, you just might get a marlin for your wall.

Many fisherman have been disappointed after trying to land a marlin for hours only to have their trophy get away at the last moment. Catching a marlin is much more than getting the fish to take the bait. It requires real skill in the entire process. And isn't this also true of selling. With selling, you have to be a pro to "land the big sale." It takes patience, knowledge, public relations, timing, negotiation skills, perseverance, which all start at the same place. And just as in fishing, you have to have the proper bait. In selling, significant clients don't just happen, they are made. You have to work hard to earn their trust and confidence. You also have to demonstrate you can create and sustain value.

How do you set the hook in fishing? Typically, it is called chumming. You throw out large quantities of small fish to attract the attention of your target. The confusion causes the fish to concentrate on the food and ignore the hook which is hidden in one of the tastier pieces of bait. Eventually, if you are fortunate, a big one will find the hook. But then it begins, the fight is on.

If you move too quickly, the fish will drop the hook and swim away and you will miss your chance. In selling, the same is true. We chum prospects by throwing out ideas and concepts which we hope will attract their attention. We hope to say something that peaks their interest and they will want to know more.

If you move too fast, you risk scaring them away. They won't respond and you will lose the opportunity. Hitting on a sales point too quickly is like trying to sell before the hook is set. I mean by this, the client has not bought into the problem. They have not internalized the need fully. They have not bought into the issues as their own. It is not wise to try to sell anything but the next appointment on the first interview. Now, I am not saying it can't be done. In fact, I used to do it, especially when I first started in the business. But I never felt good about the sales or the relationships. I always felt like I had short changed them and me. There are some real special salespeople who have the ability to build lasting relationships in a one interview sale, I just don't happen to be one of them.

How NOT To Do IT.

A number of years ago I was introduced to two partners. They were wary and fearful of being sold insurance. But they wanted the planning and liked my process. We spent several meetings together, discussing issues and helping them understand the way I thought and how I approached the planning. Eventually, they decided to trust me and move forward. I collected my fee and began holding individual meetings with each couple, helping them evaluate their non-negotiables. But I made a fatal error.

It was clear to me that both partners were insurance sensitive. They did not want insurance to be the reason I was working with them. And I assured them it wasn't. I held true to that commitment. It was the third individual meeting with one of the partners. He showed an interest in a retirement planning concept I had chummed. This is a strategy I learned many years ago – to take the temperature of a client on various ideas without getting into the specifics. You can find out a lot by throwing out a thought or idea and then listening to their reaction.

He bit hard on this one. It was the first time I had seen a spark of interest in the solution side of the equation. He bought into the problems, but was wary of the solutions. So, instead of staying on track and focused, I decided to take a risk and I began discussing, in very broad terms, a strategy that would fit their situation. I told him it involved insurance funding, but only in the context of achieving the objectives he had already said he wanted to accomplish. He listened patiently and with interest, I thought.

A few days later, I was fired. "Why?" I asked. They told me they didn't have confidence I could complete the project and it was taking too long. None of the reasons made sense and of course, I knew what had happened. I had mentioned the insurance word. I violated my basic principle and allowed my "greed" to overcome my good judgment. I didn't stay true to my process. It was painful to lose this case. I refunded half of their fee and we parted company. They lost out on some good planning ideas. I lost out on having a terrific long term client. Stupid!!!

Transitioning

You are in the opening interview. You are talking about business insurance. You are in the process of doing some fact finding. And you ask "Do you have a Buy-Sell?"

The response is affirmative so you follow up by asking, "Is it funded with insurance?"

Suppose the prospect says, "Yes."

Then you go for one more probing question. "Well, what kind of insurance?"

"Oh, we have term insurance."

"How is it you decided to use term insurance?"

"The agent showed us several alternatives and it was all we could afford at the time. Besides, it was the lowest cost for the coverage."

Ever been there? At this point you have a decision to make. You can decide to discuss the merits of funding the buy sell with permanent insurance as a sinking fund or you can let the subject alone and come back to it later. In my "one interview sales" days – I would have gone for it. I would have zeroed in on the advantages of permanent insurance and tried to win the argument.

Now think about it. What are the odds I will be successful? Here is a great company, making money. They have allowed you to enter their world and talk about their buy sell and the coverages. Maybe 50/50? Or you are thinking, I am a really good salesperson in this situation 75/25. The point is, no one is likely to say they will make the sale 100% of the time. So ask yourself – is it worth the risk?

You know yourself, you only get into this type of selling situation, maybe 10 times a quarter. In front of really good businessowners who are willing to talk turkey with you. If you see 40 a year, you have done a great job of prospecting. Are you willing to risk 10 of them by going for the sale now? Or would you rather increase your odds to 90-95% (you will never get them all) by laying back on this and earning the right to show them alternatives.

It is funny, but I have found that even the most reluctant of prospects will eventually warm to the subject of funding once they totally trust you and your motives. Even the case I mentioned earlier, the two partners. If I had not tried to force the concept of funding retirement with insurance at that moment – I would have still been in the game. But I blew it by misjudging his reaction as assent. Instead, I sent all sorts of alarm bells.

But perhaps they have no insurance at all. You have discovered they have a buy-sell, but you then discover they have not funded it with insurance. Again, you have a choice. You could say, "Has anyone shown you the advantages of using insurance to fund your buy sell?"

Or you could ask, "When your attorney drafted your buy-sell agreement for you, did you discuss the economics of funding your agreement with after tax capital versus tax free capital?"

Suppose they say no. I would then say, "This is one of the areas we should explore after we make certain the buy-sell agreement is really doing everything you want it to do." I am thinking here of exploring the basics of a buy-sell agreement. Does it have a first right of refusal? What are the provisions for divorce, personal bankruptcy? Does it satisfactorily provide for valuation of the business in the event of death, disability or retirement. How would it be financed? What is the definition of disability. These are but a few of the issues that need to be reviewed and addressed. Funding with insurance is just a small part of the equation. Improperly addressing it could cause them to remain exposed in these other areas.

Let's Get A Life Expectancy Report

I would suggest you delay gratification and avoid the natural inclination to suggest they find out if they can qualify for the coverage by obtaining a life expectancy report. "You look good on the outside, but let's see if a life expectancy report says you look as good on the inside." I have never been very comfortable with this approach. Sure, I like to see if they can pass the physical examination. But why put them through this and spend the carrier's money, if it is only a 50/50 proposition. I only do physical exams when I am 100% convinced the case is going forward. I hate "not takens."

Insurance people are so knowledgeable about the problems facing prospective clients, they can motivate a prospect to take the exam with little provocation. This agent is so locked into the prospect's thinking and problems, the agent can drive home the insurance solution with little resistance. When the problem emerges, a well trained agent can immediately react and respond with a well reasoned and thoughtful solution, sometimes before the client even knows they have a problem.

What Is The Objective Here?

Ask yourself this question, "What is the objective in the opening interview?" Always know what you are selling before you have to sell it. I think the goal of the opening interview is singular in purpose – it is to sell the factfinder, the next interview. Sell him on his right to know his alternatives. If you can make that sale, then you are half way home to your ultimate objective – making this prospect a long term client. It is interesting to understand this simple psychological fact. Prospects are very willing to share virtually anything until they think you are trying to sell them something. You can get the facts in a very low-key non threatening way, which we will deal with in the next chapter. Once you learn how the prospect thinks and views their various issues you can develop alternatives. But once you become suspect, they will shut down.

Like Stephen Covey says, start with the end in mind.

Every interview should be held with the next step in mind. Remember, this is a selling process. You are in control of this process and the client is relying upon you to steer them through it. Once they suspect your motive for knowing this information is solely to sell them something, they will shut down. And you can never get the genie back in the bottle. So you need to know your process and you need to have goals for every step in the process.

Being A Leader

As a salesperson, you are a leader. Your clientele will follow you until you cease being the leader. You must know where you are going in order to take a prospect or client with you. I often think of my experience selling shoes.

Say for a moment, you owned a shoe store. But that shoe store only offered size-10 shoes. How would you advertise your store? What would people who had another size foot think? What do you do when somebody comes in asking for a size-11 or size-9? If you told them you could make a 10 EEE fit like an 11D, would they be comfortable? You can not force your product to fit a non-conforming client. The customer will become unhappy, frustrated and angry. If you advise using a laundry list, you are going to look like you are selling laundry. I have rejected using a list of services or concepts as a way to engender interest. To me, it seems unprofessional, because it makes me look like I am chumming. I have always felt I could accomplish the same objective by doing good fact finding.

Contrast the laundry list approach to counselor selling. Number one, you learn what clients want. You obtain agreements from them throughout the process. You have a process that obtains all of the information. You present the information in the context of problem/alternative/solution. Ask your client for their response or thoughts. Get their ideas or input on various issues and problems. Remember, you are focused on problems not solutions.

Lead them to their most logical conclusion. The trouble with this approach is that it takes time. Even 3 to 12 months later there may not be an insurance sale at the end of the rainbow. You could do all this work, spend all this time, and then someone else might get the sale. There are ways to minimize the chances of this outcome. But the risk does exist.

Now I said the goal of the opening interview is to sell the next meeting. It's rare for anyone to buy a sophisticated product for $50,000/$100,000/$200,000 dollars of annual premium in one interview. Sure it can be done. But at what risk? I asked this earlier - can you afford to run the risk of losing a good introduction – relationship? I am sure you work just as hard to position yourself with top prospects. To be successful fishing for marlin, you have to go where they hang out. It takes a lot of time, energy and money to cultivate high net worth prospects. I want to make certain all of the controllable factors are in place before I make my approach.

And when I do make my approach, isn't it better to do it using a process so you can increase your probabilities of doing business with your identified prospect?

That brings us back to the black box analogy, our money machine. It produces money 60% - 70% - 80% - 95% of the time if you get past your filters. But only if you use the "right paper." So don't waste energy, resources, and money working on cases that won't get by your filter.

Ask yourself what you really sell? You see, I don't think it's insurance. We are selling trust and confidence in our process. We are selling prospects and clients on our ability to identify the problems and bring them the best solutions. That is what marlin buy. That is the type of bait they take. Expertise and value added, realistic solutions to complex problems. Can you establish this type of relationship in one interview? I don't think so.

There's an old saying: "They don't care how much you know until they know how much you care." So you must establish that you care. Then position your services around the problems you solve, not the products you sell. For instance, we help families transition the ownership of stock tax-free to family shareholders or we build wealth for the second and third generation with interest free loans. Remember it is the problems you solve, not the products you sell.

I mentioned earlier that when I first started, I tried to make every sale in the first interview. I was a fulltime college student, but this was my summer intern program. I was pretty good at it. I led our entire group of 25 trainees the first year in total number of applications. They were all one interview sales.

I would go into the appointment and start my sales track. I adlibbed all around this sales track that I was forced to memorize when I started selling. It went like this … "After years of experience, Pacific Mutual Life has found that there are three very important factors for today's college men to consider about life insurance. These factors are need, ability and insurability. Does a man in college need life insurance? …" I still know most of it still today. So when I went in, I would go through the process, get an agreement on their need, ability to pay, and ask them if they could guarantee they would be insurable when they were ready to buy insurance? When they said no, I would ask for the order and then get an application 50% of the time.

Insurance was the reason I was there. My whole purpose was to sell them a policy and they knew it going into the meeting. If they wanted to think about it, I pursued them until they made a decision. I call this adversarial selling. Either I was going to win or they were. If I won, they actually won too, because they would own a policy with rights to be insured in the future. But I obviously created an environment that would discourage long term relationships if they felt over sold or pressured in any way. Instead of bonding with my prospect. I would get objections and my ability to overcome those objections determined whether I was able to get them into the mood to close.

Turning Negatives Into Positives

One of the objections to having an initial interview or perhaps moving into a fact finding stage with me is … "I already have advisors."

My reply is, "Most people have advisors but nobody has a corner on all the good ideas. In fact, we find many of our clients outgrow their advisors because they are so busy doing what they have to do to be successful. Mr. Prospect, who is your advocate? Who maintains the big picture for you?"

This usually gets me around that particular objection. Another dismissal might be, "I already bought insurance."

At first blush, you might be thinking. Okay, this guy is being honest with me. They just bought, so they must have a good agent who is working with them and fulfilling their needs. The tendency is to buy this objection and go on to someone else. And that may be the best choice. But since they are being honest with you, why don't you be honest with them. You have nothing to lose by being candid.

"I am glad to hear you think insurance is a viable product for solving financial problems. Can I ask you a question?" Roger Zener from Portland Oregon, one of the best sales trainers I have ever known, says always overcome an objection with a question.

"Why did you purchase the insurance? Was it tied to a specific plan, or did you just feel you needed more coverage?"

Now let them answer. You are going to hear one of two trains of thought. They are either going to tell you about the planning they have done or they will tell you that the insurance was random and purchased to fill a need. Either way, you have the option of pursuing it if you want to.

If they say, "I just felt I needed more coverage." You can respond by saying, "That's great you have such a high sense of responsibility. I have found people buy insurance because they either love someone or love something. But it is always because they care about what happens if they die unexpectedly. What is it that made you want this extra coverage?"

In some cases, I will say, "I have found that many well-intentioned plans are poorly conceived and executed. Tell me about your plan for holding this insurance. Will your family (or business) have to pay tax on it?" (Here of course I am referring to estate taxes or AMT. The idea is to give them pause to think they may have done the right thing, but not set it up properly.)

Most of the time, people will buy insurance, but they don't understand the product. "Do you really understand how insurance works?" I might query, and then I go into my BOX system and show them the sales track and the booklet I developed.

Or I might say, "Let's pretend there is no such thing as insurance. Have you ever examined your non-insurance options? Let me see what type of planning options you have if you never bought life insurance to accomplish your objectives." (You might be thinking, "Why would I ever want to do that?" If life insurance is the very best option, don't you think it will stand the test of time. Early in my career, I was afraid to talk about non-insurance options for fear the people would want to do that. But frankly, I am convinced insurance is usually the best solution for any situation where there is no money. So why not let them discover it through education. If you tell them, they won't believe you. But if they figure it out for themselves, they will want to buy it.)

Or I might say, "How would you feel about a second opinion?" It never hurts to have a second set of eyes look at a plan. No plan is perfect – not even yours. Anyone can blow a hole in it if they want to do it. So can you. So all you want to do is understand their non-negotiables and how their plan works. The rest will just happen depending upon the facts and circumstances.

Sometimes they will say, "Insurance is a poor investment" and I agree. Sometimes it is. But I respond with, "People buy insurance to protect someone or something they love not because it is an investment. Life insurance was never designed to be an investment. Although, in recent years, the product has morphed into a very viable investment vehicle in the right circumstances."

"Let me ask you a question Mr. Prospect. You say that insurance is a poor investment. Have you ever deliberately lost money? Well of course not. Yet many people do lose money because they didn't fully understand the risks associated with the investment they made. We find that many people avoid purchasing insurance simply because they do not understand that insurance is based on a mathematical science. It is predicated on the predictable probability of death. Do you really understand how insurance works?" They almost always say no. I then ask them if they would be willing to spend 5 minutes and let me show them how insurance works. I tell them the BOX story.

Oftentimes prospects say they're too busy to devote any time to this type of planning. An effective response would be, "I am not surprise to hear you say that. We find most successful people are so busy being successful they don't have time to assess all the changes coming out of Washington. If you found out too late you had missed an amazing opportunity to avoid paying substantial income taxes, how would you feel about that?"

They might say, "Well, I would shoot my accountant." Obviously, you now need to talk about the role of the attorney or the accountant. Some of them are very proactive. Others do not get involved in planning or proactive thinking at all, because they are too busy. But the high net worth clients rely on their advisors to help them in this area. So you need to have a good answer.

My answer is simple – "I am glad to hear you have a good advisor who helps you in this area. But let me ask you a question, do you think it is possible for one person to have a lock on all of the good ideas?"

"Well, no." They are likely to say.

"That's what we have found as well. It takes a team to do the right type of planning. I am here to apply for that job. We have worked very successfully with CPAs to help them provide the type of knowledge and service their clients expect. Would you mind if I got together with your CPA to discuss our services?"

You may know the CPA. That is a leg up usually. But whether you do or not, you will eventually have to deal with them. So you may as well confront the issue early on.

What happens if they say, "I cannot afford to do anything right now"

Your answer should be, "Mr. Prospect, I understand you may be reluctant to commit to anything that would cost you money. But I am talking about saving you money. All I am interested in doing today, is establishing a relationship with you which will allow me to learn about your business. I need to know how you think and why you have made some of the decisions you have made.

Then, when you are ready, we can discuss some specific planning ideas that I think could help you get to achieve your objectives."

Or I could say, "Most people reject good planning because they think they cannot afford it. We believe in helping people. Sometimes building a loyal, long term relationship requires us to invest in our clients. That means we might have to work together initially at a very reduced fee to demonstrate our value. Let me show you what we can do for you and you tell me if you think it is worth it or not. You be the sole judge."

Or I might say, "Most of the companies we have worked with tell me we have saved them more money than any other advisor they have ever worked with. I don't know if this would be true for you, but is it worth it to you to let us invest our time to see if we can save you some money?" They might say, "I already have advisors that are doing this for me."

I have to decide where to take this. There is NO sure fire answer to any of these replies.

"Well, I can see you have some real reluctance to go pursue this type of planning at this time. But let me share something I have learned with you. Most successful businesses outgrow their advisors. They move from one level of business dealings to another and their advisors often are not equipped to help them make the right decisions at this next level. Did you know most businesses fail because of bad judgment or bad advice? They start down one road and find out it was the wrong path and by the time they recover and double back, they have lost so much time and money, they can't recover.

"Why don't you at least let me give you a second opinion on your planning? That way you will have the assurance you're doing what you need to be doing at this time."

Or put it this way - "Let me make you an offer you cannot refuse. Let me invest my time in you at no obligation or cost and if I cannot find at least one good reason for you to do business with me, then I will leave you alone. But if I do find one or more ways to really help you, then will you give us an opportunity to work with you?" or perhaps you say, "I have found very few business owners who like to pay fees to have somebody think for them. So let me think on your behalf for free. If you like the way I think, then maybe there is a way for us to do business."

It is interesting, when people don't know what to believe, then they have to make a decision on who to believe. Your creditability and reputation are vital to your success. Guard it well.

What Have We Learned?

If you go back through all of the foregoing objections and answers, there are some basic responses that have wide application. The answers must be short, but they have to be strong. They have to be sincere and logical. Never say anything you would not do yourself. Know your replies to the most common objections cold. Practice them, practice them, practice them. Anticipate what the prospect might say and then have your answer ready. Read your prospect while you are talking or listening. Do not be concentrating on your answers when you should be listening. Then finally, try and convert feelings to logic and then back to feelings.

Most prospects have feelings, deep heartfelt feelings. They are afraid, sometimes cocky or often over confident. Who knows what is going on in their mind. They then use logic to convince you they are right in their reasons for inaction. What we have to do is take their logic and turn it into a reason for action, and then convert it back to feelings such as relief or desire. People do this type of planning out of love – of others or self. They also will only do what they want to do when they want to do it. So manipulation is not an effective selling tool.

When I say most businesses outgrow their team of advisors, I am trying to shake the confidence they have in their advisors' ability to help them plan for the future. My experience has shown many advisors have way too much expectations placed on them by the clients and they don't even know it. This is not meant to demean the value of the advisor. In fact, I have had many advisors tell me they were so glad I got involved because they have been trying to get good ole Joe to do this for years.

I attempt to create a logical fear that they have outgrown their ability to be the sole source. When I say, "A successful business moves from one level of business to another" that's logic, and the advisors are not equipped to help them (also logic). Then I convert that into a feeling about not making the right decisions and the impact not making the right decision will have on the company and the family. So it is feelings to logic and logic to feelings.

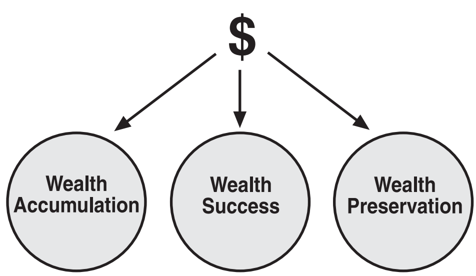
Avoid the "I" Word

If I have succeeded in overcoming the objection, then I am moving well on to the sale – getting the factfinder completed. Over the years, I have left a lot of advisors in my wake. I have lost too many sales learning these lessons. It was not until I learned not to use the I-word unless the prospect brought it up. The I-word of course is Insurance. Bringing "insurance" into the discussion too early in the sales interview deflects the focus from the problems to the solution. It can really mess up the pace and the confidence and trust you are trying to build. It gets your prospect focused in the wrong direction. So I have learned to hold back using the word "insurance" as long as I possibly can, to the point where they say, "This is about insurance, isn't it?" or, "Well, I guess insurance is the only solution, isn't it?" I have learned that whoever uses the I-word first, often loses. By that I mean, if insurance becomes a negative, it can disrupt the entire flow of the process.

Learn to anticipate these objections. Recognize they are just a natural part of the process. Try to overcome them before it becomes an issue. I will be going more into handling objections in the chapter titled "Making the Sale" and show you the best way to handle objections.

The Three Circles of Wealth

If they say, "I have already done the planning," the goal is give them a second opinion. I developed what I call "The Three Circles of Wealth" to help me address this specific objection. When we meet a HNW individual, we have to expect they have done some planning.



They have already made financial decisions and probably own a lot of financial products. These people are spending thousands and thousands of dollars trying to manage their wealth objectives. But you will see how this provides a unique opportunity to position our services.

Three Circles was developed to provide a way in the opening interview to deal with all of the planning they have done. Rather than make it an adversarial relationship, a size-10 shoe selling mentality, we have to position ourselves at the front of the consulting, advisory process. Remember, initially we are viewed as an adversary. We are asking this person, sitting across the desk from us, to look at issues (maybe even re-look at issues) and make decisions on problems they are possibly trying to avoid. They view us as the enemy – trying to get money out of their pocket.

Most business owners are procrastinators. They are fearful and they have existing advisors. Because of a phone call out of the blue - what has happened? We have intruded on their space and we now have roughly five minutes to establish enough rapport with this person to endear ourselves in such a way they will be willing to open up their kimono and share their deepest fears with us – hoping we can help solve them. And for this we will earn a substantial payment. "How easy is this assignment, Mr. Phelps?" Talk about your Mission impossible. Yet we do it. And we do it every day.

When you first meet your prospect, what should you do? You have to earn a little bit of respect and develop some level of comfort. You have to develop your credibility within minutes. You have to demonstrate to them in a short period of time a high level of competence and people skills to build trust and confidence in you and your process. That is a tall order. And we probably have only fifteen minutes to do it. Most prospects, in my experience, are not willing to spend much more than fifteen minutes with someone they don't know talking about something they don't want to discuss. In that timeframe, we have to convert their feelings from fear of us, to fear of what they have not yet done about protecting their loved ones and assets.

The Concept Of Riskless Selling

This is why I call it riskless selling. There is so much that can go wrong. Why make it harder than it has to be by taking unnecessary risks? Creating the maximum opportunity with the highest probability of success. This is a war and you have got to remember the most basic tactic of war: know your enemies' strengths and weaknesses before going into battle.

Here is another obstacle we face: I just acknowledged that every marlin, every top-flight, successful businessperson is already spending significant money (at least in their opinion) on planning and financial vehicles. They have probably already invested considerable time in this process, so when we broach the subject, it is no wonder they might become a bit defensive. They may feel like they have done an adequate job. They have all the advisors they need and they trust them.

In one form or another, they consistently ask, "What makes you think you can help me?" In some cases, this is a challenge – saying parenthetically – "when no else has been able to do it."

On the plus side, marlins have some common denominators that work in our favor: They own a business – have lots of problems. They probably have an estate tax problem and they probably have not set up a financing vehicle to buy a share of the business back from the Federal Government. They are seeking financial independence but probably have not achieved it, at least in their own mind.

Where's The Beef?

So. Go back to the Three Circles of Wealth. They own a business, aren't there wealth succession issues here? We know they have potential tax problems, those are wealth preservation problems. And everyone is seeking financial independence in one form or another, we'll call those wealth accumulation problems. Every business owner is trying to manage these three circles in some way, shape or form. And in that effort, they have made spending decisions to purchase advice and financial products to help them solve these problems.

So where is the opportunity? In the beginning, I would fold my tent when I met someone who was advanced in this process. I didn't know how to respond. If they already had wills and a trust, had put in a pension plan, purchased key man insurance, had a buy sell – what was left to do? I was looking for "virgins." But I soon learned there weren't any. Or if there were, there were very few.

Over time, I learned most of this "planning" was done on an ad hoc basis, without a master plan. I discovered if I could just take a look and see what they had done, I usually could find several ways to improve upon their plan and save them money. It was a gamble to be sure. But if given the chance, I usually would find opportunity.

It is important to remember most business owners are isolated. They have no one to talk to about this stuff. With few confidants, especially within their business, they fall prey to anyone who has a good story and a reasonable pedigree. They are often secretive and fearful if someone knows too much, it could be used to hurt them. There is a lot of pressure on them.

They deal with many issues, most simultaneously. Cash-flow problems head the list. But on top of meeting payroll and rent, they often have personnel issues, multiple deadlines, over stocked inventories (or under stocked, in some cases), problems controlling costs, cyclical markets, declining sales and, of course, taxes. Some are anxious, afraid, and anything we say only amplifies the problem and agitates them further. They live in a world of denial to keep from falling apart. They live on the edge and everything they own is on the line. Risk is around every corner.

So when Mr. Fantastic, the Insurance Salesman, enters their life with all the answers, is it any wonder we might be treated with a bit of skepticism? No wonder they try to avoid meeting with us? All we do is reinforce their fear, or throw light on the very problems they are trying to avoid. This is the power of the Three Circles of Wealth. It allows them to deflect the fear and blame away from them. It allows them to define the common enemy – the IRS. Relieving this tension and giving them a scapegoat allows them to face these issues directly and not feel like they are a failure.

Holding The Opening Interview

Once I have been granted an opening interview, it is important to remember two things. First, it is an audition. They are checking out whether or not they like you and can trust you. But more important, you possess information they don't have and need. So there is a subtle balance here between your need to be liked and appreciated and your superior position due to your specialized knowledge and skill.

When I walk in, I look around the room. You know the drill. You sit down near their desk and shake hands. Then you try to find some way to connect. Nice family picture, great furniture, nice window, nice telephone pole, then finally say, "Well, let me tell you why I am here, Mr. Prospect. What I have found in working with people like you is that you're so busy being successful you don't have time to pay attention to all the changes taking place financially. Those changes are coming out of Washington so fast most businessowners can't keep up with the financial ramifications and as a result, usually decide to do nothing."

"Everybody we talk to has a plan. They have worked on this plan with the advisor team. But that plan is often affected by these changes and what was a plan by design, has become one by default."

"Another thing I have discovered is most people have no idea of the price tag of their plan. Every plan has a price tag. Certain things are going to happen if there is a crisis – a disability, a financial turn around or even a death. There is a price tag applied to these scenarios. You probably have a will, trusts, and several investments? There are costs associated with every plan . I have also learned every plan has an alternative that might be better suited to the situation. That alternative has a price tag as well. So the question is – what is the price tag of your plan? Is it the best plan you could have, given the facts and circumstances of your current situation? What we do is we help our clients measure the price tag of their various plans to help them decide whether the course of action they have selected is best for them."

Notice what we did there. I took the most common objection that plagues us – "I am too busy to deal with this" and turn it to my advantage. Instead of allowing them to use it against me, I use it to motivate them to take action. Here is the rule – whoever says the objection first owns it. If you use it first as a positive, it is very difficult for your prospect to use it as a reason to not do business with you. But if they own the objection, you will have a hard time taking it away from them, This is a basic rule of objections.

So ask, "who owns the objection?" Figure out what the objections are up front and then design a way to make them a positive. When you affirm the prospect is too busy being successful, you are complimenting them. This shapes their thinking to "of course, I am too busy being successful. I have got to run this business." The idea is to get on their side of the desk; for them to realize you are on their side. When this happens, they relax and deep inside might feel like, "maybe this person understands."

Not every business owner will respond to the "too busy" argument. They have solved the problem by hiring top advisors (at least in their estimation) who are watching out for them. If your HNW business owner has a very successful business, they probably have a large estate and some complexities in their life which will require the kind of strategic thinking very few advisors can bring to them. They probably have several advisors and rely on them for information and financial planning.

To help position me and what we can do for them, I use the Three Circles of Wealth. Here is how I do it. First I use the "too busy," "plan by design or default" and the "price tags." But instead of going into the alternatives part – I switch to the first circle.

I usually ask for a piece of paper. Why? Because I go into the meeting unarmed. I don't bring anything with me – not even a business card. I want to differentiate myself from any other saleperson they may have met.

I say, "As you may know, we work with a lot of businessowners like you. I have discovered at least one thing in common, they are all managing what I call the Three Circles of Wealth. Every businessowner has the three circles. (I then draw them out – across the top of the paper). Wealth accumulation, wealth succession and wealth preservation.

"Through the years, they have made financial decisions related to each circle. They have purchased products and implemented strategies to accomplish objectives in each circle. Let's look at the first circle – *wealth accumulation*. We find our clients have IRAs, a 401(k) plan, mutual funds, annuities, real estate. They have invested their extra cash in these circles to increase return and to diversify their investment risk.

The second circle is *wealth succession*. This circle represents all of the strategies business owners use to attract and retain top talent in the business. It also holds strategies to make certain the business continues if something happens to the owner – disability and even death. There are buy/sell agreements, employment contracts and executive compensation plans. The company may have stock options, an ESOP – there are a myriad of strategies and plans used in this category.

The third circle is *wealth preservation*. In this circle, strategies to protect and preserve the estate are implemented and managed. We see wills and trusts, life insurance, a gifting program, charitable planning, an irrevocable trust, a defective grantor trust and perhaps partnerships used for management and to achieve discounting. All of these strategies are used to make certain what you put together – stays together.

I will say, "Do you have any of those?" and they might answer, "Yeah, I have got this one and that one."

But remember, they have all got advisors, an attorney, a CPA, a financial planner, probably an insurance agent, and all these people have a different piece of each circle.

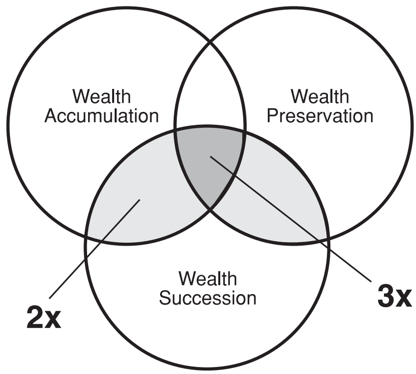
So here is what I say. "These circles all require advisors, people you rely on to help you implement and manage them. These successful business owners have a CPA, an attorney, an insurance agent, financial advisor and perhaps a business consultant. Each of them have a piece of these circles. Some of them have over-lapping duties and accountabilities. But in the end, there is often dysfunction because barriers to communication are erected between the circles and the left hand does not always know what the right hand is doing."

"This communication dysfunction causes chaos and we find that there are financial inefficiencies which occur."

The Olympic Rings Of Financial Matters

"Let me tell you how we see these circles operating functionally."

"We see these circles like Olympic rings. Notice how they overlap. Instead of having barriers of communication between them, these rings need to be thought of as a financial system. Here in the middle, where all three overlap, we have what I call triple duty dollars. Dollars that could be used to accomplish objectives in all three circles. On the edges we have what I call double duty dollars. These dollars can be used to achieve objectives in two of the circles. By taking this approach, we can often give you more "bang for your buck."



"We see these three circles as overlapping and what we try to do is help our clients find ways to use their dollars more efficiently and effectively. Would you see this as being a good thing?"

After I get through telling this story, I always get the same question. "What is this going to cost?" And if they don't say it, then I bring it up.

I always say, "If you are like most of our clients, you hate to pay fees. After all, they are paying fees to their attorney, their CPA, their financial planner. They want good ideas but they aren't willing to pay much for them. Or if they do pay for them, they want to pay for them after they see whether or not the ideas will be useful to them."

"I also hear people in your position say they don't want to be obligated to buy anything. They want unbiased advice from an independent third party. Here again, they want to wait until after they decide what they are going to do before they decide what to pay for it."

"What's funny is, these same business owners are often paying significant fees and commissions for services they don't need and are not getting all the services they thought they bought."

"For instance, they pay commissions on 401k plans but their advisor doesn't provide much advice or counsel for it. They are not coming out, helping the employees, they are not consulting, nor doing any counseling. These business owners are paying commissions on group insurance premiums, but the agent sends out the company rep to do the enrollments. The only time they make an appearance is to notify them of a rate increase."

"So if you like our services and approach, you can pay us fees, if you like, and we can do the analysis. Or you can let us be the broker on existing programs once you become comfortable with us and pay us for our time and ideas through compensation dollars you are already spending, but may not be getting much benefit from."

"Or you can pay us through a method we have been using for years called ingratiation."

They always laugh if they know what the word means.

"We want to earn the right to do business with you. I am willing to invest my time, expertise and energy to show you concepts and ideas you probably have never seen. Ideas that will help you manage your three circles of wealth more effectively and efficiently. If you would feel more comfortable in allowing us to be the broker for your existing services to compensate us, we can do it that way. If you want us to pay you a fee, then we will do that. But if you would rather let me just earn your trust and confidence, I am happy to do that under one condition."

And they will always say, "What is that?"

"It works like this. If we present any ideas or concepts which you find valuable and are willing to implement, and all of your advisors agree, you will do business with our firm or, if you decide not to use us, you will compensate us at that time if you choose to do business with someone else. Is that fair?"

The Second Filter

Bruce Etherington calls this the "deal before the deal." It is the second filter. The first filter was your screening to make certain you are talking to people you want to do business with. But the second filter is making certain they want to do business with you on the right terms.

I have found by using the term ingratiation, the terms trust and confidence, wanting to build a relationship, these terms allow most people to feel comfortable enough to go to the next step. After all, what is the purpose of the opening interview? The purpose of the opening interview is to sell the next interview, the factfinder. That is what this is all about.

So, if you can move them through the three circles of wealth, understanding they are too busy and there are price tags and alternatives to consider, and if they will allow you to earn their trust and confidence through ingratiation, you have the chance to establish a long-term client relationship. Doing this assures you have a good piece of paper going through your Magic Box. Those filters have to be carefully utilized to protect your organization.

In the next chapter, we are going to look at the factfinder and the steps you can take to not only improve your closing ratios, but also to increase the amount you sell.

4

Climbing Inside The Mind

The Eight Steps To Consulting Success

There are eight steps in the consulting/sales process that need to be understood and mastered to bring the project to conclusion. It's important to remember you are implementing a process not learning a sales track.

The most important thing for us to remember is people pay for the value created and value perceived. So if this is true, then how do you create value? It is actually simple. You identify a problem that is important to the client and then you show how to solve it. Again, in the financial field, people are longing for and seeking leadership. But the leader has to be a fiduciary who has the client's best interest at heart. Once this bond of trust is established, things happen. But once it is broken, things happen, but they are not good.

Moving To The Second Step

The first step is to acquire the second interview. We went into detail about that process in Chapter 3. But now we are ready to do business. We have now obtained permission from the prospect to gather the necessary information required to do a complete analysis.

The second step is to use a systematic method to gather the pertinent facts. We have to climb inside the mind of our client and learn to think like they think. There is only one problem. You don't know which facts are pertinent and which are superfluous. So what do you do? You attempt to develop a comprehensive set of facts that can cover a myriad of projects, which you might help them solve.

This is NOT like a patient coming to a doctor. The patient comes in and says, 'Doc, I have a pain."

The Doc replies, "Oh really, where does it hurt?" And the patient describes the pain, the symptoms and points to an area. The Doc then listens with the stethoscope, maybe does a blood test, prescribes two aspirins and the patient goes home.

Life insurance is not an aspirin. You don't say, 'The solution is life insurance, now what was the problem?"

If you want to be a world class consultant, you have to presume you do not know the right solution. You operate like Columbo or Sherlock Holmes, gathering the facts and then analyzing them to make the "best" recommendation you can. I loved Columbo. He never asked a question he didn't already know the answer to. It was beautiful to watch him lead his suspect into a box canyon. In many respects, selling insurance has a similar character. Often, insurance is the best solution. But until the client realizes it, there is not going to be a sale. But I will tell you something else – and you may not want to read (or hear) this – if the ONLY solution you can think of is life insurance, you need to go back and look for more viable solutions. CPAs, LLBs, CFPs and even the client are coming up with other solutions all the time. We need to be schooled in the solutions as they are. We need to be prepared to present them in an intellectually fair and honest light. We need to be seen as unbiased and objective. If the "I" word is the first word out of our mouth, we will have blown our cover. Just kidding here. But it is true – if we make insurance the only way they can do business with us, then we have lost out on a terrific relationship and opportunity to build a long-lasting client.

There are two types of facts - hard facts and soft facts. The hard facts are irrefutable. You can get them in a short time usually. It is the soft facts which will make or break your ability to help the client determine the "best" solution for them. I will make you a promise. If you follow this method of problem solving, your client/prospect will often say, "Isn't insurance an option here?"

Think about it. If your client/prospect said that – do you think you could make a sale? Of course you could. And it happens, just that way, more times than not if you are true to your process.

Soft facts require you to dig deep into some areas to pull out all of the information needed to make a professional presentation.

Steps Three And Four

The third step is to identify the problems and make certain you have a full understanding of how the client feels about them. Remember whose problem it is. If there is no problem, then there is nothing to solve. So make certain you are working on a problem that exists in the client's mind and not just in yours.

The fourth step is to measure the price tag of their problem. You need to put into simple, measurable terms the economic fallout that will be caused if their potential problem becomes a reality. Remember, we deal in the what ifs. We are contingency planners. And as such, we need to bring alive for clients the impact on those they cherish if they die too soon, live too long or become disabled. Your economic model needs to show exactly what that problem costs in dollars and relate it to their current situation in a way that motivates them to question their current choices.

After The Facts Are Gathered – What Do You Do?

Now that you have all the information, you must complete the Fifth step - which is to develop viable solutions to any they are using by default. Remember, everyone has a plan by design or default and every plan has a price tag. Are there other ways to meet their objective? What is the comparative price tag? As I presented earlier, there are a myriad of solutions your client will want to consider. You need to be the architect for all of them. And yes, it may mean they don't buy insurance. But there are so many ways we can be paid for our services and ideas. Why make insurance commissions the only way?

Years ago, I heard the story of a man who had a tiny bird. The tiny bird was getting ready to fly, but the man was reluctant to let it go. He was afraid the bird would fly away and never return. So he held on to the bird. So tightly in fact, the bird died. With the next bird, he was more gentle and when the bird showed signs of flying away, he decided to let it go. He did not want to see another bird die in his hand. But a funny thing happened, the bird did fly away, but it came back. And the man now could enjoy the bird in a different way.

I am sure you see the analogy here. Sometimes the relationship we want and the relationship we get are two different things. But who is to say which one is better?

Number six, the hardest step of all I think, is to allow time for them to contemplate the price tag of the problem and the price tag of the solutions. We must always keep in mind, this is their problem. They need to come to a settled peace about their predicament and be willing to make the hard choice. I will develop this in a later chapter. But let me give you a hint by asking you a question – In which step should you show them the benefits and value of life insurance?

Step seven is to help our prospective client make a decision. If you do nothing else for them, helping someone find peace in their planning is a huge benefit. So you have accomplished a lot if you bring them to this place. Now understand, no decision is a decision. I would rather have a no than a "call me back." As you personally become more financially independent of each sale, you will find that you can be more bold and direct in the sales relationship. Getting a no is okay, because it means you will have another opportunity later.

And finally, step eight is to help them implement their choice. This is an art form all its own.

Look At This

Notice something important here. Steps 1 through 4 are all fact finding steps. This means you are gathering data to present facts and conclusions, not gathering data to sell a product or a strategy. Once you master these first four steps and learn how to apply the outcome in a systematic, logical way, you will never go back to your old way of doing it.

Steps 5-8 are about completing the consulting/sales process. You are bringing the process to a conclusion and it ends with an action. One of the biggest hurdles most insurance agents must overcome is their excellent training in presenting solutions. Agents are trained to be insurance-minded. We think and bleed insurance. After all, it is the most unique financial instrument in the marketplace. And it can be used to solve virtually every problem. And while it usually is, and can be effectively demonstrated as such, insurance is not going to be a credible option if it is revealed too quickly in the consulting process.

I had to discipline myself to wait until the appropriate time to introduce the "I-word." I am certain you'll discover during your fact-gathering process your prospect has some insurance already. But instead of going into the mechanics of the insurance, ask why they bought it and how the amount of coverage was determined. Avoid trying to sell more insurance at this point. It is hard to restrain the urge to fill the void, but if you don't wait, you may lose the opportunity entirely.

Be Objective

The most important part of the fact finding process is to be objective. Do not be critical, judgmental, or even helpful – there will be plenty of time for this later. Do not give prospective solutions, creative ideas or demonstrate how good your analytical abilities are during fact finding. Resist the temptation of presenting obvious solutions too early in the process. It will build sales resistance. Rather, think of the factfinder as a time of confidential disclosure. Your prospect wants to confide in you, to trust you and to feel they can count on you to use this information discreetly. If you use the information to build your own creditability, you will be letting them down.

Your goal is to create an atmosphere of active listening. You are delving into their most intimate of places – self. Again, think of yourself as Columbo. Or you are a CSI forensic investigator, exploring the riches of their life, looking for information which are clues to the puzzle you are solving. Create a safe place for them to come and share their concerns and feelings.

Using A Puzzle As A Sales Aid

I have a little wooden puzzle in my office I use to demonstrate to clients why our services are so meaningful. I give it to prospects and ask them to solve it. It is not a difficult puzzle compared to some and invariably, they quickly become frustrated because the answer is not intuitively obvious. I'll ask if I can show them how to do it. In two or three quick moves, the puzzle solved. They often remark about how simple I made it look.

"That is exactly the way our planning is. When you do not know the answers, it looks like a really complex puzzle, perhaps insolvable. But when you know how, everything falls into place."

We have to be careful to not give away what we do until we have got our clients firmly committed to the process and they begin to trust us - to see how these puzzle pieces come together for them.

Once you have all this data, the next step is to put it all together. Consider the potential price tag of the plan and compare it to the alternatives. So you have to understand how the plan works and what its price tag really is. In the factfinder, your goal is to get enough data to be able to make these determinations. Failing to do a comprehensive job of fact finding means you will be making recommendations on only partial information. If you have to go back and get more information, you run the risk of losing the client's confidence. It is very difficult to go back and get more information. It impacts your creditability. So do it right the first time.

Unfortunately, most agents don't discover they have only part of the data until it is too late. You are already in step 6 or 7 and then the clients says – "Didn't I tell you about …" And all of sudden your case unravels and you have to start over. It is difficult to reopen a case if the trust factor is violated or damaged. So it is imperative you do it right the first time.

The Number One Rule Of Factfinders

Do not use solutions while gathering facts. Be a good listener, not a teacher. And especially remember not to mention the I-word. If there is an insurance sale in this case, it will always be there. And this will seem counter intuitive, if you do it right you will sell the insurance during the factfinder, but you will do it by never mentioning it. Isn't that strange? If you use the I-word before they have come to the conclusion they need it – it will drive them away. But if you wait for them to bring it up or be at a place where it is the most logical choice, then they will elect to purchase the insurance.

The timing is critical because virtually every prospect has a bias towards insurance. Not the benefits of, but usually the cost of. I mean, who likes to pay premiums? Unless they see it as an allocation of disposable dollars to solve crucial and critical problems, they will never fully appreciate the product.

And isn't it funny how so many people have some negative feelings about insurance? After all, insurance is only money. How can you be biased against money? Let's look at some of the things I have heard through the years.

Of course, there is always the "buy term and invest the difference" argument. Or perhaps they bought insurance years ago and now regret it because they forgot why they bought it in the first place. Or they bought it and actually liked the insurance, but now they don't want to pay for it anymore. Some may have been influenced by parents who don't believe in life insurance, (which was how my Mother felt about it.) When did insurance become a religion? Or they want it, can afford it, but start to question whether it is really necessary to protect the children who won't appreciate it in the first place.

But regardless of their attitude or reasons – insurance remains the single most effective way to provide cash when there is none. Who is going to payoff the home's line of credit. Where is the cash coming from to fund the buy out agreement? How is the family going to live on a fraction of the income father earned? Which family heirlooms are going to be sold to pay off the tax lien filed by the government at death?

It is easy to find thousands of reasons to not buy insurance. But the reality is stark, when death occurs, the only sure thing is the life insurance. Everything else becomes a variable and is subject to change when daddy dies. As has been said numerous times, everyone brings bills and problems except the life insurance agent – all he/she brings is money.

Another problem which causes the client (and the financial consultant) grief is the commoditization of the life insurance product. (Study my book,"The BOX" if you want more insight into that statement). Once a client understands they need insurance and makes the buying decision, they can get it from any number of places. They can go across the street and buy it from a neighbor, their favorite property and casualty agent, a relative, or whoever it is that sells insurance. The sale has become price sensitive at that point. The client sees no value in the design and planning. All they see is the price. But life insurance is not a commodity, it is the result of a service. The service is the planning, the discussion of alternatives, the design of the right solution that puts all the puzzle pieces together for a safer future. To reduce the sale of insurance to "who has the lowest premium" is a cynical and harsh outcome after all of the work has been accomplished.

Here again, we can see the problem of not doing a good factfinder, the objection to purchasing a life insurance policy takes the focus off the problem and the process and focuses the client on choosing a solution BEFORE they have internalized the problem. We have to make our prospects recognize they have a problem in order for our solution to be accepted. If we get them to see the solutions too early, then they might lose interest, think it is too easy and become scared of the complexity they perceive in implementing a solution. At the core of most objections is a fear of the unknown.

To be truly successful, the consultant/salesman has to make the unknown, knowable and the solutions attainable. This is like an algebraic formula. Where Y =X + some factor. Your knowledge, skill and sensitivity are the factor that is missing. And if you don't do it right – they never will solve the equation.

Focusing On The Problem Rather Than Solution

We want prospects to focus on their economic problem(s), not the available solutions. Most everyone is solution driven - clients and consultants alike. Everyone wants to get on with life and not dwell on the problems. They want to know the answers and if we fall victim to this pressure, we play right into their hands and lose the sale. Giving "free" advice, without first finding out all of the factors involved in the question, is foolish. Why? Because it often results in a superficial answer that misses some of the more important issues which have remained undisclosed. Instead, a good factfinder will help the client discover for himself or herself the scope of their problem, and give them an opportunity to internalize the fear, the issues and the frustration of their problem. This is all done in the factfinder. It is the beginning of this sales process and must be managed with as much skill and intuition as you manage the close.

The Process Of Fact Finding

Let's review the process. On a piece of paper draw four contiguous boxes. In the first box, write discovery, because that is what the factfinder is all about – we are uncovering hidden information. The second box write verbalize. Here they tell us what they are thinking. What concerns them. What problems they see. Once they actually say out loud the problems which are nagging at them, they feel a freedom. This is especially true if you, as the professional, react in a calm, concerned way that reinforces your confidence in your ability to help them.

The third box is Internalize. Here the client is given the opportunity to really deal with the consequences of their problem. It is one thing to state the problem. It is another thing to actually discuss what would happen if …

Finally, the fourth step is Acceptance. They have to come to a place where they accept the need to do something about this. If we abbreviate any step in this process, we hurt our chances of making a sale.

Think about this. If you interfere with the discovery process, the prospect is limited to dealing with what you think is important. You prevent them from disclosing what they think is important. In the end, this results in them repressing their true concerns until they are forced to come up with a lame excuse to not do what you thought was the best strategy. You are confused because they suddenly stopped being cooperative and they are confused and maybe angry, because they can't totally disclose the total picture.

Earlier I mentioned this can happen if you jump in with a product solution too soon. Besides mentioning the

I-word prematurely, we can also err by hurrying the process. We must temper our sense of self interest to their time table for processing and coping. If you hurry the process and prevent the prospect from seeing the problem in all it's glory, they are likely to miss the big picture and not see it at all.

The Foundational Rule Of Factfinders

What most people don't know about factfinders is that you are almost 100% guaranteed to make a sale if you complete it properly. Now that should be an incentive to a financial intermediary to learn this skill and learn it well. But there is a proviso to this rule. You must NOT make a tactical error along the way. In other words, so long as you don't stumble by making a bad recommendation. Or try to hurry them. Or forget to allow them to internalize the problem – you will end up with some business.

This is the heart of risk-less selling. Once prospects have gone down this road with you and completed the fact finding process, they have bought into you and your process. Only a major error in judgment will decouple them from you. It means they are committed to having you lead them through this morass. Why not? You have professionally gathered the facts, helped them identify a problem and are now positioned to show them alternatives to solve their problem and concerns.

In addition, you have helped them implement that problem and now all you have to do is help them finance it. They must trust you and you must trust this axiom. If not, then you are likely to hurry the process, go through the steps too fast and try to sell the insurance too soon. All the bad things we normally experience happen because of "premature congratulations." But if you trust this "be patient policy," your close ratio will sky rocket.

Two Errors To Avoid

Prospects lose confidence when you make a tactical error. There are basically only two errors that will queer the deal. One has to do with judgment and the other is skills. Let's look at the skill error first.

As a financial professional, you might not have the knowledge, the technical information, or the people skills to be able to actually be a qualified consultant to complete the project. It takes a certain level of expertise and client management skills to successfully bring a project through the process. You might not possess the knowledge, the assessment and analytical skills required to fulfill the value proposition. You may also lack the teaching skills. You might understand what you have learned, but can you transfer that information to the client in a way they will assimilate it and act upon it? You may not be an effective communicator at all levels of the problem solving spectrum. Those are what we might call skill errors. (Or errors that emanate from greed or too much ego.)

Then there are judgment errors. You might not have the patience, the courage, you might not be open enough or vulnerable enough to deal with a particular client. So you might push too hard and lose your objectivity. Assuming you have the ability, the knowledge, the application skills, the teaching skills, and that you have the patience, courage, openness and vulnerability to make this work, there is no reason you should ever lose a case once you have gotten them into your system.

How do you prevent these errors from happening? First, don't go out on a limb by making statements or assessing the particular situation unless you can back up your points with hard facts – tax facts, legal facts, whatever information required to prove your point. Be conservative and let the case move naturally. One of the best ways to prevent going out on a limb is to use the expertise of a qualified tax attorney in the tough cases. It is all right to joint-venture these cases with professionals who really understand and know what is going on in short and long term financial scenarios. One who might act as your partner. Finally, you can do joint work with another agent. Somebody who has done this before and knows how to run the plan.

Your Needs And Wants Are Secondary To Your Prospects

Let's think a bit about motivation. You can turn motivation into pressure and you can turn teaching into manipulation. Those are the mistakes that are most often made in the fact -finder process. By creating pressure when you do not need to and by manipulating when you should be teaching, you can make a prospect uncomfortable and likely to run. Conversely, if you can stay away from those two common errors, you run a high probability of making the sale.

Most agents want to rush the compilation of the factfinder so they can get onto the fun part – selling. In this case, you are selling for your reasons and needs rather than the needs and wants of the client. Typically, such a mistake reflects a personal cash-flow problem. You need to have enough business and activity going so you can pay your bills. Just remember, don't let your needs become greater than the needs of the client.

The Value Of Trust

If you have done the right job of establishing trust, the client is going to give you the answers to any questions you ask. This is important to understand and utilize properly. Once you break trust, there are no more answers. This is a time of learning for you and of disclosure for them. A time when the client is feeling the least pressure and the most security. They are still in control because they are providing information at a comfortable pace. So you need to milk this situation for all the information possible. Discuss, for example, how they feel about their children, their marital relationship, their obligations, their debts. Discuss who they love and who they are willing to help and who they want to protect. Your factfinder questions can be on a pad of paper or on a very structured form. Personally, I find formality is awkward and prefer to use a piece of paper. I go with the flow. I follow an outline in my mind to make sure I get all the necessary information.

There are two types of facts – hard facts and soft facts. I spend no time on the hard facts in the first fact finding interview. I can get them off of their financial statement and I usually have some rapid-fire questions to make sure I understand the details of their holdings. As far as documentation, wills, trusts, insurance policies, and such – I try to get those after the factfinder rather than spending time in that interview to go over all that information. Remember, a financial statement is nothing more than a snapshot of one day in time. It will be very different a month, two months, or a year from now. So I don't get hung up on the hard facts. The documents are important to help us build the economic model and gain an understanding of the price tag of their plan.

Selling The Big Picture

People buy concepts, not specifics. We have to start with the big picture, which is when you present your analysis. Your sale hinges on what they want to do, not on what you want to do. There is a basic rule of selling which is that people do what they want to do when they want to do it. There is nothing I am going to do to change that truth.

So it is not a matter of what I want them to do, it is what do they want to do. I have to give it to them in incremental steps so they understand and feel comfortable with the process and know in advance what is going to happen.

This is another important point to remember - people like to know the process. So describe it to them. Give them exactly the steps you are going to take and how long it will last. Give them a blueprint and a timeline. I give them an actual idea of who is going to do what, what to expect, and how long it is going to take. Remember, they are probably still tentative about you and your services. The more information you give them, the more comfortable they become. I think of it like a doctor-patient relationship. The more a prospect tells you where it hurts, the more you can do to make them feel better.

Show you are working a defined system and today is not the first time you have ever done this. Do not let your fear of not making the sale overcome good judgment. Godfrey Smith taught me years ago that: “Good judgment comes from experience and experience comes from bad judgment.” You cannot lose something that you never had, so do not scare them by moving too fast.

If you have not guessed by now, it should be apparent, I believe soft facts are the key to the sale. I learned about soft facts and how important they are at an MDRT meeting in the early 80’s. Hal Zlotnick brought a concept before the program development committee called The Broad Concept. When I heard his approach, I thought, “That is it! That is what I have been looking for.”

He asked, “If you died last night and your wife walked in this morning and wanted to ask questions, what would she want to know? What questions would she have? What would she be afraid of?” I listened to that and thought, “That is it! That is how to phrase these questions.”

Asking Leading Questions To Get Prospects In The Process

I had never thought about approaching fact finding in that way. From that point forward, I phrased my questions and worked through the soft facts like Hal suggested. I asked leading questions. Questions that could not be answered just yes or no. They had to have some thought given to the answer. Unfortunately, the first time I asked, "Now if you had died last night and your wife were to walk in this morning, what would be the first question she would ask?" He looked at me and in a dead panned, serious tone said, "What the @&$&#@ are you doing here?" After I recovered my composure, I had to laugh. It was a very funny moment. Fortunately no one has said it since.

You have to encourage your prospects to feel the problem. Let them sense the jeopardy of their situation. Let them respond and learn to ask questions. Then sit back and listen. Do not feel that you have to fill the silence. Be a good listener. Do not lead them to answers. They will feel manipulated. Ask questions like, "What happened when your dad retired? How did he feel about not having the pressure of going to work every day?" Or get the history of their family. Find out what has happened within their family and be specific as it relates to your fact-finding. Ask if they have ever dealt directly with the affairs of someone who died. Did they know anybody in their family who was younger, say fifty or sixty years old and had not planned very well for their retirement. What was the result?

Ask if they have ever been an executor, settled an estate, or know anyone who has. Ask if they have ever seen a business go bankrupt or a business sold or transferred to another owner. Get them involved in the process so that they can feel what is happening here and get a sense of the real issues and the tension that might get created in those circumstances. You have to remember – most people live in the world of denial. They may have suppressed this information for years and do not want to deal with the problems and now you are here stirring this up for whatever reason, and they have decided to trust you and let you do the work. Do not blow it. Your job is to help them work through this denial and discover for themselves the reality of their situation. If you are successful, then you will have a sale. If you are not, then you will have the proverbial China egg. Make them feel the pain.

Here are some techniques I often use in my fact finding process. I ask a favor in the beginning of the interview. People like to be needed and people like to help, so I ask for some paper or a pen, a drink of water, or anything that can break the ice and get them doing something for me. The factfinder is a time of tension and they do not really know what to expect, so set their mind at ease. Say, "This is a time for me to get to know you better and I am going to be asking you a lot of questions, but I want you to understand I am not going to ask you to make any decisions today."

Tailor your approach to each situation. The factfinder is an intimate time and probably the only opportunity for building the rapport and the trust you seek. If you are successful, this trust will last for a very long time. So ask relevant questions all the while looking for where the real hot buttons exist. When you find one, be gentle and explore the area completely. This is where you ultimately make your sale. You have to probe for the hidden fear.

Always answer their questions directly and completely. If you want to defer the answer, say you are going to get back to that area in a little while. Find areas of agreement and stay away from areas of disagreement. If they say something negative about life insurance, ignore it. Or say, "That is interesting. Why do you feel that way?" Do not try to overcome their objection, but rather get them to explain more about their rationale. Most often, the explanation will ring hollow in their ears and the concern goes away. If you offer to come back to a subject later, be sure to write it down so that you do deal with it. Do not in any way minimize the concerns they have.

When prospects offer an objection in the factfinder interview, try to bypass it as best you can. Tell them, "That is a good thought. We are going to look at that later" or "That is all part of our analysis and I will show you your alternatives later." Again stay away from selling. In the factfinder, you are not a salesperson, you are a consultant. Do not allow them to get you off of your subject. If you find a sensitive area and it is relevant, then keep at it until you have all the information. I guarantee that it will come back to haunt you if you do not find out everything about it. Be sensitive to their needs. Do not force your will upon them. Let them lead you in the discussion.

Years ago, I was introduced to a case by a bank trust officer. I met the prospect and did all the fact-finding, gathered the data, had them come to my office where we went through the process. They liked my approach and then they told me that their son was an agent with a property and casualty firm who sold life insurance and they were going to buy it from him. I had spent all this time and energy but did not find out about that piece of data in the fact -finder. They told me he was a property and casualty agent but I did not take the time to find out exactly what that meant. At that time I was not fee based, so I ended up spending a lot of time on this without a sale. Worse than that, because I kept in touch with them through the bank, I learned the son had set up the insurance and trust ownership wrong. So I was asked to come in and help to straighten all that out . I never got paid a dime all because I did not do a good job in the factfinder. Remember, they know where they have been and they know where they want to go next. Our job is to help them get there. We are facilitators.

Factfinder Tips

Here are some tips for success in the factfinder that I have used successfully. Hopefully, they will work for you as well. First, I always send a letter before the meeting that confirms the appointment. You will find a copy of that in *Appendix 1* on page 241. I note what they should have available for me to review. I try to set their expectation level. Then after the factfinder, I always send them a letter, (see *Appendix 2*) outlining what I think their basic goals and objectives were. Review any major points you have agreed to explore and information you are going to provide them. At the outset of the meeting, set their expectations before you start. Assure them this is only a factfinder session. I have mentioned this before, but it is important for them to be relaxed and not feel any stress or fear. Tell them you are not going to discuss any products or ask them to take any specific actions. Encourage them to relax and enjoy the process in a non-intrusive way. When you get to an area of good opportunity for you, ask a lot of questions. Why do you have a buy/sell? Why did you buy this insurance? Why did you choose term insurance? Do not give them your opinion – they do not care. Remember, you are only gathering facts.

The Value Of Joint Work

Let us take a look at joint work in more detail... I have done a lot of joint work over the years. I have one relationship with Kent Richardson up in Bakersfield and we have worked together since 1977. Not every agent can work effectively in the joint-case marketplace. The biggest mistake you can make is not knowing ahead of time whether or not you can handle a particular case, then going in and taking the facts and stopping, only to then start again on a joint basis. If you get into the factfinder and realize it really is a joint-case opportunity, before you go any further in the case, before you tell them anything about what you can do for them or ideas that you have, stop. But if this happens, tell the prospect you really did not realize how complex their situation is and that you need to bring in an expert that specializes in their problem and you know someone who can really do a good job for them.

Then set another appointment and bring in your expert, be it a tax attorney, a CPA, or another agent, and then let the professional take the facts. You may say, "Why?" It is because the sale is always made where? – In the factfinder. If you take the facts and decide you cannot work the case, how is the professional going to go back and say the same thing? You have to always keep in mind, the factfinder is when we build rapport. If you cannot get your joint expert to build that rapport, intimacy, the revealing part of self, the nurturing of the friendship, then there is no chance of making the sale. He cannot ask the leading questions and then draw the prospect through the discovery process. If you take the facts, and then bring in the expert, you are likely going to blow whatever sales opportunity might have existed. Most agents bring in the joint agent when they know that they cannot make the sale. Why is that? At the risk of sounding judgmental, it is greed. They want to work the case and at the point they realize they cannot make the sale, they figure they have nothing to lose and bring in somebody else. What you have to lose is the whole relationship. If it is a joint case and you know instinctively up front you cannot do it, stop the music and bring in the expert before you mess it up.

It is important to remember that selling is a process, not an event. Do not get caught up in the potential commissions and lose the sale. The selling relationship is very delicate and if you make an unsuccessful sales attempt, then you have lessened the chance of ever making that sale, even with the joint agent.

The elite prospects usually have an attorney and a CPA. If not, (which would be very rare) all the better because it gives you a referral opportunity should one be needed. If the prospect does have professional counsel, you need to find out who they are, if they rely on them to make decisions, find out their specialty, how long they have been with them, and what they have done for them. This will tell you whether or not you need to include these professionals in the process. If you do, then go meet them before you start your design and presentation stages. Get them to help you design the case. Find out their issues, if they have tried to implement a plan and what happened, and get them on your side.

Again, if you are not capable of conducting this meeting, take along a joint agent. This is critical. I call this "the walk on water" talk. Only Jesus could walk on water and the disciples knew it. They didn't try and all they did was to promote Jesus as the Messiah. In a limited respect, what you have to do as the agent is make your joint expert seem like the most important person your prospect could ever meet. That is why I call it walk on water because you have to build up your joint agent's reputation. Mention who they have worked for, and the types of problems that they have solved in such a way that this client is going to be excited to meet him.

Everybody has an ego – you, your client, your joint agent, but you have to subjugate your ego and push that joint agent to the forefront. You can say things about that joint agent that he can never say about himself. Your compliments give him the credibility needed for your prospect to take his recommendations seriously. Do the same for the advisor as well. If the advisor sees you as viable and important and that you are bringing something meaningful to this relationship, they help you make the sale, too.

Keep all involved informed of your work. Give them copies of all correspondence. Ask for their opinion. As a final note, make sure that you do the following: First, set a date for the next meeting during this meeting with the client. Agree on deadlines, timetables, make sure everyone knows exactly what to expect and when things are going to be done. Next, establish who is going to talk to whom for additional information. As such, you are setting up their expectation that they are not going to have a lot of involvement. So who do you go to for additional information? The CPA, attorney, girl Friday or CFO? Tell your prospect that your secretary will confirm the appointment with their secretary. Set up the communication so that your secretary handles the details.

Always send a confirming letter of the meeting ahead of time and let your secretary confirm it. Write a memo to your sales file on what took place. Put down all of your sales ideas immediately so you do not forget them and you know exactly what you are going to do once you start thinking about it.

These are some of the lessons I have learned through the years about fact finding and how to develop a deep and lasting relationship with the client. I hope you will benefit from them and find them worthwhile.

Next we are going to learn how to build the case to meet their needs and to cultivate the ability to think like your prospect. We are going to look at how to take the facts and how to design the case and create a presentation that can be sold.

5

Case Design – What Would You Do If It Was You?

The key to case design is to continue thinking like your client. Start by applying the lessons already learned in your fact finding interview. Once back in the office, review your dictated memo to file and all the ideas about selling insurance you have been documenting in your PDA and transferred to your database. Begin by evaluating the contents of your fact finder and reviewing the hard data. As you go through your notes, focus on specific problems and questions facing your client. You should also have listed specific alternatives to consider as options. Now you must determine the most effective way to communicate your concepts and thoughts.

Remember my basic theory, "people are so busy being successful, they don't have time to pay attention to the myriad of changes occurring at a rapid pace or the impact those changes are having on their plan." In your report, focus on all the problems they identified as short comings in their planning. We may see other issues and concerns, but until they feel their concerns have been heard, it's best to withhold any observations.

Your communication either directly or indirectly has to highlight these issues to show why they are crucial. Most importantly, we have to respect the client's time.

What To Present

One of the best ways to communicate efficiently is to prepare an agenda and executive summary. The agenda sets the priorities while the executive summary highlights your findings and conclusions.

The first step is to highlight assumptions and objectives used in the report. In a brief paragraph, show the reasoning leading to your conclusions. Remember, conclusions are not recommendations. Recommendations are formulated after your findings and concerns.

Your executive summary should enhance the findings of the follow up letter sent to the client after the fact finding interview. This should confirm what you have learned. It should also highlight the concerns you have about the information gathered.

For example, the will may be out of date or not mention the need of a guardian for the children. Perhaps it would be helpful to suggest establishing a bypass trust or whatever else you may have identified as lacking or inefficient. These issues and possible solutions should appear in the executive summary. The next part of the summary should stress alternatives. Talk to them about gifting, for instance, or perhaps an intra-family sale. Whatever alternatives you suggest carry greater weight if you have analyzed the facts.

The next paragraph should talk about price. Every plan has a cost/reward ratio. What it costs to do it their way and what the cost is if they were to implement some of your well-reasoned suggestions.

The last paragraph deals with your recommendations. The executive summary is a working document. You build on it as you meet with the client. So initially there would be no recommendations. But after the initial presentation, you may be ready to come back and give a step-by-step implementation strategy to show what needs to be done for them to "do what they want."

I don't want to sound critical, but we are inadvertently taught in this business, to "hide the ball." Solutions are either presented before the client has assimilated the complexity of their problems or the solutions are kept secret until the last minute and then used as a surprise. Both methods are doomed to fail with HNW clients. They don't like surprises and are not likely to respond to quick fixes.

The key to case design (and your executive summary) is to give the bottom line benefits up front as you go through the proposal so they understand what to expect and what they are going to get. This is counter-intuitive for us. We typically, or at least I have typically, sold through the years as if we are playing cards. I would hold the winning cards back and not let anyone know what I had in order to be able to increase the ante, or to increase the bets. But that is not how you sell, at least not to HNW marlin. Tell them up front what the problems and alternatives are. Walk through these problems and solutions with them. They do not like game playing and want to know the bottom line right in the beginning. Most people do not like surprises, so make your summary as explicit as possible.

When you are designing your presentation, review the motivations of your client. Link why have they done what they have done in the past and why they should do what you propose in the immediate future. Climb inside their skin and think like they think. What were they trying to accomplish when they did whatever it is that you are reviewing? Make certain you are helping improve their situation. Demonstrate in your report how your observations and suggestions are going to help. Clearly show how doing whatever it is you recommend will help and get them where they want to be.

Common Fears

Another aspect of case design is reviewing their fears and keep them clearly in your mind. What is it they fear most?

First is death. Most people have a real fear of dying. They do not like to talk about it and as a result deny their death will have any impact on their family, their family's income and inheritance. You can find very wealthy people who have neglected doing any planning because it involves thinking about their death.

Miscalculations are also commonly made in planning for retirement. HNW people often have many assets but little income. Or they may have a good income, but little in the way of assets. Again, the denial factor plays heavily into creating this problem.

Fear can also inhibit planning equity among surviving children. There is the fear of losing everything, making bad decisions, or seeing their business dissolve. They are often reluctant to pass active management of the business (or assets) over to their children – fearful their children will not do a good job. It is one thing to identify the fears. It is another to understand them. But understanding these fears gives you a window into their soul and how they think and make decisions. The fact finder is a way to discover those fears. Once you understand those fears, you can help them conquer their fears by giving them valid, reasonable solutions.

Why do people make any decisions at all? I think there are basically two reasons; love and greed. Either they love someone or something or they are greedy and want more.

Greed is usually manifested in an effort to improve one's own circumstances. It manifests itself in either a retirement sale or a tax sale. You need to determine what type of problem you are going to solve. Whether it is a fear/love issue or a fear/greed issue? Then you will know how to attack the solution to the problem and how to communicate it.

Including The Advisors

If you are working with your client's advisors, you need to be viewed by them as a viable component in the problem solving process. If you earn that status they will help you make your sale. Otherwise, the advisors will do everything they can to oust you from the equation.

So how do you deal with this? First, determine who the advisors are and how important they are to your client. Be careful! This can be a trap. Sometimes the client will downplay the importance of the advisor and then hide behind them in deferring a decision. So you need to carefully assess their role and relevance. I suggest you always assume advisors are important and relevant.

Plan to go to an advisor's office to specifically discuss your project and motives in developing it. If they sense you are just another "ripoff" artist, they will attack. So you need to have a good presentation. Ask a lot of questions and give them time to answer. Know what it is you are going to accomplish and how. Do not make insurance the focus of this discussion. They may ask you if you sell product, so you need to have a good answer prepared because you certainly don't want to lie.

You may be challenged, "Is this about life insurance?" (It may not be that direct. But you get the point.)

"Mr. Jones, we do implement many different types of financial products for our clients when it is appropriate. However, we have found most clients only do what they want. If your client wants and needs life insurance, then we have a number of excellent vehicles to meet those requirements."

Another way to respond might be to say. "I appreciate your question, because many advisors are concerned the only reason a financial planner wants to help their client is to sell product. Let me assure you that we are working to determine the financial objectives prior to any mention of a product. We won't know if our products are part of the equation until after you approve the plan."

Still a different way perhaps is to ask a question back, "Mr. Jones, are you asking that question because you have had a bad experience with product providers?"

"Yes, Joe, we have not been real impressed with your industry."

"Mr. Jones, I certainly understand why you might say that. Not everyone who sells products has the best interest of their client in mind. However, I think you would agree, if Sam did not trust me and did not feel our services were valuable, we wouldn't be having this discussion."

It is always best to take the high road with these challenge questions. Advisors have two underlying fears – first you may hurt their client economically. And second, they may somehow be painted with a broad brush in their dealings with you. The only way to deal effectively with either fear is to help the advisor see they are still in control.

Make the work and planning you are doing (or going to do) the focus of your meeting with the advisor. For instance, in a buy/sell agreement, the advisor often says, "I have tried to get these guys to look at their buy/sell arrangement, but they never sat down long enough to do it" or "I have been talking to him about his estate plan for years but he will not spend the time to do it."

Show them an example of your work. Show the information you have gathered from your client and you'll gain credibility as it is probably more extensive than anything they have accomplished with the same person. This will allow them to hold you at a level of credibility much higher than if you do not show them the quality of your work.

Second, copy them on all relevant correspondence to the client. Agree up front that you are going to do that, then follow through with it. Ask their opinion as often as possible. Take your draft plan design to them for editing. Show them all the details of your suggested solutions and then make certain they are in full agreement before you present anything to your client. If you do, this case will go much smoother as the advisors will be working to help you.

Influencing your clients' advisors is a three step process.

Step 1 – Meet the advisors and demonstrate your professionalism.

Step 2 – Show your analysis and the magnitude of the issues your client has asked you to address. When you show them this report, put a pricetag on the shortfalls. Make certain they understand the magnitude of the problem and the issues your client is facing. DO NOT SHOW FUNDING SOLUTIONS in this step.

Step 3 – Respond accordingly when someone asks the magic question – "Wouldn't insurance be a good solution for them to consider?"

You may think I am dreaming here. But in reality, a well-prepared analysis begs the question. Once the problem is clearly spelled out and the non insurance funding solutions are addressed – life insurance looks great. So why spoil the surprise by telling them too soon? Let them deal with the problem as it stands first. Then bring in the best answer.

Case Design Theory/Building A Proposal

First, determine the order of the presentation. The first step is to present an overview or introduction to the subject. State very clearly what is going to be accomplished for the client. How does this differ from the executive summary?

The executive summary is only a one-pager, designed to give them the total picture. Here, we are going to create a report to document and summarize all of the information you want them to have. In the overview, the first page or two should state the problems and issues you have been asked to review. This includes an overview of their estate and business plan.

Overview

In this report, BMI has been asked by the Smiths to do a comprehensive review of their current estate and business plan. In preparation for this report, BMI has held a comprehensive meeting with the Smiths and reviewed all the financial documents provided. The body of this report includes a summary of these findings and an analysis of the financial information.

The second paragraph might read:

One of the most important aspects of this analysis is the business continuity plan for the Smith Corporation. BMI has reviewed the buy sell agreement and determined there are several problems the owners may wish to address. Specifically, there is no clause related to disability nor is there a section covering the valuation of the company in the event of death or disability. This report will look at various valuation methods and suggest a way for the agreement to minimize the negative issues that may occur if death or disability does occur.

The next section is a summary of assumptions. This would list tax rates, inflation rates, and/or growth rates you are going to use in the report. You need to recap these assumptions used in the analysis. It is important to always review these assumptions with your client before you do the report. This is a perfect letter to send with a follow up phone call, while you are working on the report. When presenting the report, be sure to reestablish their objectives in the assumptions section and the factual pattern you are going to use to build your economic models.

The third section is a summary of the findings. Here you present their restated financial statement, their income statement, and demonstrate the magnitude of the current problem and then show what the problem could grow to over time based on the assumptions.

The fourth section is your conclusions and summary section. Notice we are summarizing our conclusion and summary findings before the body of the report. This is often a recap of the executive summary you presented at the outset of the meeting. It is NOT redundant to tell them a couple of times what you have found. This is done without spelling out insurance recommendations nor do we include any illustrations. This section simply details their current situation and how the facts they presented will play out if certain scenarios occur.

Then we have the body of the report. Here we put the detailed information of our economic models. We show them exactly their trial probate calculations, what the costs are going to be, what the legal and tax issues are, and then we show them strategic designs of non insurance alternatives they should consider.

We point out that their current plan has a price tag of $1,546,182 (page 247). We then show them systematically that by implementing other strategies, they can save over

$1,400,000. Obviously, these dollar figures are dependent upon the facts in every case. We show how gifting, proper drafting of trust, sale of assets, etc. can bring bottom line results. If it is a business analysis, we look at the price tag of redeeming or selling stock with non insurance solutions.

The last section is often the rationale for your recommendations – why you have made the suggestions you have offered. This then ties back into the body of the report. Showing them specifically where these numbers came from. So the suggested strategies in section four are going to be direct.

Why Put The Suggested Changes Up Front?

You might be wondering about the wisdom of providing answers in the front of the report. You are advised to do so because investors like to know what they are reading. It keeps them from having to go back over the materials. If it reads like a novel and they have to get to the end of the book in order to figure out who did it, what do people normally do? Typically, they are going to go to the end of the book and read it anyway. So why not give it to them up front in a very clear and concise way that gives the reader the freedom and the peace of mind that comes with knowing you are helping them learn their way. You are not playing games with them. I think people get mad if it is hidden in the back and they have to search for it.

Sophisticated buyers do not like to feel like they are being manipulated. Include in your report key questions like "What happens if…?", "What does it cost if…?", and "What objectives are not being met ...?" Lay out the questions in a logical fashion and then answer them objectively. A lot of our reports are nothing more than questions. We will start with the overview, the summary of assumptions, the summary of our findings, then we will go through a series of "what if" questions. "What if" something happens to your key partner? "What happens" if his wife is in the business? And then we will show the economic consequences of that particular question on our models page. We will use graphics to present a clear picture of the model.

Some Basic Rules

Do not overdo your report. Do not make it too thick, too wordy, too anything – just make it interesting. Do not make it read like an encyclopedia. Use graphics wherever possible, to help make your points or clarify a recommendation. Clients invariably appreciate the effort involved in putting this together.

If they have given you all the facts, they do not want you to just slap something together and run it by them. They had an expectation when they gave you all of these facts that you were going to analyze or interpret the data then return with a very special and important document for them to review.

Do not use boiler plate types of presentations and make sure their name is sprinkled throughout the presentation. Take great pride in your presentation and avoid the temptation of using company-prepared presentations that have X-Y-Z Mutual all over it. There is nothing wrong with those reports. In fact some of them are excellent. But they detract from your uniqueness and value. Use your letterhead. Use good paper with your logo on it. With the printers that are now available, you should be able to customize everything you do to add image and value.

Alternative Selling With Economic Models

I have mentioned alternative selling and the need to create economic models. What is an economic model? An economic model is a mathematical demonstration of how their current plan works. For instance, if your prospect has a fairly large estate, but a simple will, an economic model would be simply a trial probate. In that trial probate, you would show them specifically the fees and tax costs to the family at the first and second death.

Once this cost has been established, you could then go back to show the savings generated by capturing the unified credit with a bypass trust. (For readers who are in different tax jurisdictions, you would need to modify this model to reflect the tax laws in your county.) The current plan becomes the "benchmark" by which all other alternatives and suggestions are measured. This is an economic model.

Benchmark

The first time I really appreciated the term benchmark occurred in a financial meeting. I was an advisor to the finance committee of an Indian tribe. They had asked me to hear a presentation on investing their money in cash equivalents. The presenter was a young man who had come out from Philadelphia. He was in a button-down collar and striped suit. Throughout the presentation he kept referring to their benchmark. It was the measuring tool the committee should use to determine whether the performance was acceptable. He was trying to get them to focus on a meaningful way to measure results rather than be tantalized by the street noise from financial publications.

He must have used the term benchmark twenty times. Near the end of the presentation, I got it. Benchmark, that was it. We should benchmark our planning against their current situation. It became a part of my vocabulary from then on.

A benchmark can be applied to a buy/sell agreement to show how the tax costs impact the current plan. This becomes the benchmark. Then you demonstrate the tax costs of the alternative and compare it to the benchmark. The tax impact of a future sale of the business to successor owners under both scenarios will be obvious.

When you create economic models, you want to show clearly the difference between what they have (the benchmark) and what you are recommending. Find out what each alternative would cost and then put together a summary matrix comparing the one to the other. Again, do not put insurance into this first report. Leave insurance for a later iteration. This is important to understand – there will always be an opportunity to sell insurance. You do not have to force it. The longer you can avoid discussing the product and the longer you can have them dwell on the facts of their situation, the easier it will be to discuss insurance and sell it.

The progression is simple. First show the cost of their current plan. Then show the impact of the non-insurance solutions and then finally, demonstrate the value of insurance and how it fits their particular situation. Let them learn the other alternatives prior to throwing insurance in there because it confuses them and makes them concentrate on the wrong issue. They begin concentrating on whether they want insurance rather than on the price tag or their problem and the peril they are in as a result.

My first report will never have an insurance solution in it, unless the client specifically has asked to see how insurance would fit their fact pattern. In that case, I will mention it, but only in a matter of fact manner. I make the insurance report separate.

Five Ways To Pay

Let's look at *Appendix 4* on page 246. It has five ways to finance estate tax. As we review this model, the terminology is based on the word financing. Most sophisticated buyers are familiar with financing and the red tape associated with acquiring it. I learned this many years ago when one of my most significant clients used the term. We were sitting with an attorney discussing the need for putting some insurance into place and think about how they were going to finance this activity in the buy sell. There were five families and each had a significant estate tax. Their family business was integrated into the success and wealth of each family present around the table.

The attorney said, "We need to look at ways to finance this tax" and I thought "finance." I wrote it down along with the question, "what are some of the ways we finance taxes?"

We finance them from our own personal liquidity and assets, through a bank loan, through the government finance plan, through charitable giving, and through insurance. It was at this point I put the matrix shown in *Appendix 5* (see page 247) in front of the attorney. Notice, I have described insurance as a discounted bond. In the bond vernacular, insurance is a zero coupon bond. And instead of making a significant payment up front, you can finance the purchase over several years. The insurance company provides you with the face amount of the bond in exchange for a stream of payments at a set interest rate. You can purchase the bond in one lump sum or with a series of deposits over a five, ten or fifteen year period.

This can be compared to charitable financing. Notice how we approach this. In essence, charitable planning is the equivalent to tax-free financing. You can give the income produced by the asset to charity for a specific number of years. At the end of this term of years, the asset is then transferred to the beneficiary of the trust. The legal term for this is a charitable lead trust. If designed properly, the CLT can eliminate all estate taxes. But it requires time and it defers the inheritance to the beneficiaries for a considerable time. What most people don't understand is that in the United States, estate taxes are optional. You can either pay them to the government or to a charity. Income taxes are optional as well. Being silly for a moment, you do not have to earn anything and you do not have to keep anything. But obviously, most wealthy families want to retain both their income and their assets. With proper planning, they can do both by shifting the tax to charity.

The Double Tax Buy Sell

Again, under US Tax law, the sale of business, improperly arranged, can create taxes in excess of the fair market value of the business. I know that sounds strange – but it is true. A stock purchase (which is a capital sale), is always completed with after tax dollars. The only alternative is a program called an Employee Stock Option Plan (ESOP). If you look at the tax cost of both the buyer and the seller, the combined tax will often exceed the fair market value of the business. We have developed a way to tax deduct a significant portion of the business using a sophisticated compensation plan called lost wages. Our models show how to utilize a compensation plan to reduce the taxes 40-50%.

Economic Models.

By establishing the parameters of the model and then developing a spreadsheet that shows all of the moving parts, it is possible to price their plan in a simple way. By demonstrating the cost, something very few other advisors will attempt to do, you set yourself apart. But more important, you provide a real benefit to the client. They are able to see for the first time exactly what their plan will cost compared with viable alternatives.

Pay particular attention to the vital assumptions. The tax bracket, the inflation rate, the growth rates, the tax treatments on different aspects of the plan, whether it is capital gains or income tax. Show how each alternative works over a period of time and you may have to use the cost of money, which is inflation.

Do not be too simplistic with your model. If you are going to model it, you need to have all of the bases covered. And when you show alternatives, you need to be objective when you present them. Give the pros and cons of each and demonstrate your understanding of them. If you do this with the wrong motive or in an unprofessional manner, you will do damage to your relationship. You have to be objective in order to retain their confidence.

The Time Has Come

When the time is right, talk about insurance. Don't not be concerned the insurance solution will not look as good as any alternatives. Money is money. The issue is simply, where does it come from? It can only come from a few places – liquidation of assets, income, a bank loan, a government program or from life insurance. Insurance is a very competitive source of financing. The hardest part of presenting insurance is to not get trapped into using unrealistic assumptions. Poor assumptions may make a sinking fund look better in the long run. So you have to make certain you are dealing with the same type of risk/reward investments.

Insurance rarely suffers in comparison with its alternatives. Insurance has its own merits. Among the most important are its tax-free death benefits. Those will always compete favorably with any type of after tax investment plan. The biggest hurdle is paying the premiums. This is where all of your ground work and preparation is necessary.

If the client firmly believes they have a problem and understand its magnitude, they will want to do anything to eliminate the problem. Buying life insurance is painful – but compared to what? Is it more painful than liquidating the family business, a valuable real estate project, profitable stock portfolio? When you sell an asset, you not only lose the asset, but you lose all the income it produced and all of the appreciation it would have earned. Painful compared to what?

Premiums are paid with after tax dollars. You can pay them through gifts. They can come from the income earned on other assets. Premiums can be financed through loans. There is not a more efficient way to create capital than through life insurance. It is income tax free and if done properly, it is estate tax free.

Remember, insurance is the capitalized growth of money in a tax free environment. IT guarantees today what the money will be worth in the years ahead. There is a price for that guarantee called mortality costs.

It is important to be as objective about the insurance as you are about the other alternatives. Discuss both the positives and negatives of insurance. The more objective you are, the more creditability you have. If you point out aspects of insurance which may not be 100% favorable, they will trust you more.

When the time is right, it will be right. It is that simple. Do not bring the insurance up until the time is right. The case design phase is when you stage your insurance sale. But when you bring it up and introduce the subject of insurance depends upon the flow of the project, how the person is responding and how they see their alternatives. Most often, they will tell you when the right time is. The time is going to be when they specifically start asking about insurance.

Establishing The Next Sale

There is another aspect of case design that is often overlooked. Use the current project to whet their appetite for the next project. Because selling financial products is often adversarial, this mindset often causes a hit and run mentality. The statistics are clear. Nearly 85% of the insureds in the United States say they never see their agent. We go in and make the sale and then we go onto the next sale. It is easier to sell someone who has already bought from you than to start over with someone new. The time to start setting up your next sale with your client is during your case design and presentation. Obviously you don't want to confuse them by trying to sell them too much at one time, but what you can do is lay the foundation for the next project and then go back to it during the implementation phase.

So begin looking for your next sale now. Prioritize your plan of action while you are preparing the presentation. If they were to do all the things that you wanted, what would the order be? First the estate plan, then the business succession plan, then the retirement plan, or maybe it is the retirement plan then the business succession plan. If it is just strictly a business succession plan, then what about a deferred compensation program, disability insurance, or supplemental pension? This is the essence of what I call the Three Circles of Wealth – investments, succession and preservation.

Here is how I explain our services to a client. I say I am like your telephone repairman. I have all of these tools in the back of my truck that I bring out to your house to fix your phone. I never know which tool is going to be appropriate until I know more about the problem. Once I understand the problem, I can pick the correct tools and fix it. Once in while, we find other problems that are about to happen. So instead of just ignoring them, I will let you know about them and we can decide whether you want to fix them now or later. So decide on your next steps during your initial planning process and then you will know what to do after you have completed your first transaction.

Start the process of selling, that next action, while you are selling your first action. You need to realize, when you are talking about a buy/sell agreement for instance, and they are talking about how they are going to set it up and whether it is going to be cross purchase or whatever, you can integrate into that the need for key man insurance, deferred compensation for the top executives, a look at the 401(k) and other more sophisticated ideas.

You do not have to speak in terms of products or specific issues, other than just to open up their minds to the issues you can revisit another day.

How To Handle Objections?

In this chapter, we have discussed working with the advisor, developing the report, presenting insurance and setting up future engagements. Now let's look at how to handle objections you might hear during a presentation.

It is important to have the right attitude towards objections because your clients are not trying to get out of buying something it may be a sincere desire to discover more about something they don't understand.

One of my first attempts to explain leveraged deferred compensation for a public company, occurred early in my career when I was talking to the CEO of a major company in Orange County. I was awful. I was so new at this, I really do not think that I fully grasped it as well as I should. I was also a little fearful in the presentation. So as I presented the concept, I gave the CEO limited information prompting him to ask questions I could barely answer.

Because of my own insecurities, I heard the questions as objections and I became defensive and perhaps a bit combative. This went on for several minutes and he stopped me with the question, "Guy, what is the matter?"

"I am not sure what you mean," I responded. Always answer a question with a question.

"I feel like we are having an adversarial conversation here."

"Oh really? I'm sorry, I didn't mean to be adversarial." Although I probably did, but I was too green to know it.

"I am just trying to understand this idea you are telling me about and I feel like you are arguing with me."

Ugh, dagger to my heart. "I was just trying to give you answers to your questions." Fortunately, we had a good relationship. We cleared up my communication style and continued the conversation. I did not make the sale. In fact, I didn't even get close. But years later I met Ron in the board room of another large public company and made the sale that time.

I learned a very important lesson that day. I learned people often frame inquiries as objections. I have learned to discern the difference. Is it an objection or is it a question? If I hear them as objections or arguments, I will likely respond combatively. What I learned from this encounter was to not assume every comment is an objection.

Give them time to truly indicate if they are stating an objection or an attempt to gain clarity and understanding. Through the years, I have discovered a technique to determine if what sounded like an objection was an innocent question.

Be prepared to say, "I not sure I understood what you said. Could you say that again?" They have to think of another way to say it and it is always different, especially when they now have to think about what they said and question what they meant. The first time they may only be stating what they think, but the second time they tell me really where they are coming from. I can match them together and understand better how to answer their concern.

If you sense that they are trying to evade your point or sales idea, go back to the commitments logged in the fact finder. Go back and recommit them to the things you remember them saying. Reestablish the reason you are doing this study in the first place. Always ask, never assume. I am sure you know what assume means?

Simply say, "I think I may have misunderstood something. I thought you told me when we met to go over all of the questions that you said _________. What has changed?"

There are two kinds of objections. Real objections and smoke screens for the real objection. A real objection is actually a request for assurance, more information or a statement of fear. They are real if they are logical and if they fit the context of their fact pattern. They seem important.

The objection is a smoke screen if it sounds illogical and out of left field. Smoke screens are inconsistent with the facts. Something triggered a fear. Find out what it was. Circle back and start reaffirming the information you gathered in previous meetings. One of the best ways to handle a smoke screen objection is to get them to repeat it and listen to what it is that they are really saying. Because if they hear what they are really saying a second time, it may go away. Real objections will not go away, but smoke screens do. So deal with them directly and logically. Prepare a good answer for every objection that you can think of that might come up in this report and have the facts and the comparisons already prepared and in your briefcase so that you can show it to them when the situation arises.

Let us review for a minute what we have learned in this section. First, assume every objection is a positive question being asked regarding the facts, not the action you are requiring them to take. Do not attack an objection. Treat every objection as a request for more information. Feel free to defer an objection if you are going to handle it later. And remember, the smoke screen objections will not come back.

In the fact finder, what we want to do is make sure that we have gotten all of the information into your report. So in the case design, go back through the fact finder and make sure that you did not miss anything. Look at the memo you wrote and make sure all of the issues were addressed. Prioritize the things that you want to present and make sure the first point you make is what's important to them.

In the next chapter, we are going to discuss how to present your report. I think that you are going to be surprised at how I handle this process.

6

Case Iteration – Negotiating The Plan

Once you have completed the fact finder and the case design you should be ready to present the case to your client. This chapter is about how to optimize your presentation and chances for success.

Suppose for a minute I came to your home to talk about roofing, siding, landscaping or other home improvement activities and pulled out a contract and asked for a down payment. Wouldn't you have some questions before agreeing to pay up front? Surely you would ask if the price was competitive, inquire about the materials and available options. You probably would want to see a sample of my work, too. Most people want to know all the details before making a commitment. They want to have confidence they were making a great decision.

But think about this. Suppose the decision had only a \$1000 price tag rather than \$50,000. Do you think it is easier to make a \$1000 decision? The higher price to entry, the more likely the prospect will hesitate and want assurance before moving forward. This is why it is so important to break down your process into segments that are easier to understand.

I don't think the process for selling financial products, especially life insurance, is much different. Yet we often make the mistake of moving the prospective client through the process too fast, asking for the order too soon. Prospects really need to understand how the financial instruments will fit their plan or how the insurance plan is going to meet their needs and objectives. We sometimes understand our products so well we project our knowledge and understanding on the client/prospect causing them some discomfort.

Insurance Is Only Money

Let's go back to the marlin analogy. Marlin like certain bait and once they hit the line, it takes a long time to wear them out. So you may as well sit back and enjoy the fight. If we're going to ask people for five, six and even seven figure premiums without them having a thorough understanding of what we are presenting, is it reasonable to expect them to delay handing us the check. On the other hand, if they fully understand the problem, they know this is the right solution and are made aware of different ways to pay the premium, then the chances of making the sale improve dramatically. Remember, "people only do what they want when they want." We will never change that reality. But we can help them figure out what it is that they want and give them some guidelines to facilitate the right decision.

It is important to keep in mind, insurance is only money and it is just one alternative available to them. Our job is to help them understand how insurance fits into their spectrum of objectives and then demonstrate why insurance is a better alternative. That's why I don't like to introduce the subject of insurance until they have committed to a plan and thoroughly understood the price tags of their alternatives. In the ideal, I do not mention insurance until the plan is documented. The plan is now a reality and the consequences of the costs are real. They now have another choice to make – to fund or not to fund. What most people don't understand is that EVERYONE buys exactly the amount of insurance they need. The only question is – what insurance company are they using? Are they reinsuring with a large financial institution or are they absorbing 100% of the risk themselves?

At the point the plan is irrevocably in place, we can talk about financing and using insurance and the economics much more specifically. Unless they bring it up, never enter into a discussion about insurance funding (or any other financial instrument) before the plan has been agreed upon.

An Important Object Lesson

I remember a farmer we dealt with years ago. He had a processing plant where he would sell cuttings from his crop. At the time, he was worth $8 million and had the potential of doubling or tripling his net worth in the coming years. His son was learning the business with him. So there were a lot of things we could do in terms of passing ownership over to the son and freezing the estate.

There were a myriad of non-insurance solutions. However, he had indicated to his attorney and accountant, who we worked with during the process, that he was interested in insurance. So when we began setting up the fact finder, the client brought insurance up. He wanted to discuss the details. After we reluctantly explained the concept of insurance and the relative merits, we suggested that both spouses get examined to determine their insurability. At that point we had nothing to lose.

As we left the meeting Kent and I discussed how we could have deferred the discussion until the plan was executed. Sure enough, within a week we got a letter from the farmer telling us he had talked to his attorney and accountant and they decided they wanted to pursue other alternatives and would not be doing anything with us right now.

I had broken my number one rule. You would think after all these years in the business, I would have avoided the trap. But they seemed so secure and set on the fact insurance was a viable solution I was sandbagged. And instead of following my own good judgment and normal sales sequence, I took the bait. Fortunately, the relationship was strong enough to set up a return meeting and we successfully convinced the farmer our funding ideas were superior to his alternatives. So we reopened the case and they ultimately took the physicals and qualified for the insurance they needed. It was one of those situations where we survived an avoidable blunder and made the sale.

In general, it is not worth the risk. Bringing up insurance too soon causes procrastination or the prospect simply decides to self insure. I have seen too many cases fall apart because the prospect perceived life insurance as the plan. When they become so focused on the insurance, they forget about the merits of the other planning, which is why I have become so inflexible on this issue.

Making The Initial Presentation

Let's look now at how to make the initial presentation to a new prospect. First, and this is going to sound a little revolutionary perhaps, send them the report in advance of the meeting. Make certain there is no mention of your final recommendation in the report. Make the report strictly an analysis of their situation as you see it. Specifically show the problems they are facing and the cost to resolve them.

This strategy gives your prospect the time to review the problems and evaluate their self insurance alternatives. This is the key! Let them have time in their own environment, to review this report at their own pace.

You need to build this report to show models of their current situation and then various self insurance alternatives. This would include the five ways to pay (without the zero coupon bond option) for a buy/sell agreement, estate taxes, funding retirement, retaining key people. We can show redemption versus cross purchase, a valuation of current assets and possible strategies for reducing the value of the company. Show how these values can be replaced with a deferred compensation plan. If you are doing estate planning, put in a trial probate, then show what the impact would be if they made certain changes. For instance, if they totally utilized the unified credit, if they put it in an irrevocable trust or started making significant gifts today.

I want their advisors, such as an attorney and/or CPA to review this report before I send it to the client and have these professionals point out any tax issues that we may have missed. This gives them ownership in the plan. We can show inflation on the prospects' estate by assigning a growth rate for each asset and projecting these values over time. We show amortizing the debt and project the future value of the estate.

The point is, with all their information, we can project and forecast exactly what the impact is going to be and what would happen should death occur at any point. Of course, death is not the only issue we address. We deal with retirement, business transition and succession. So make sure your models reflect all aspects of their planning. The goal here is to present a complete picture so your client can prioritize their objectives and start working on integrating their three circles of wealth.

How They Receive The Report

Upon receiving the report, I have found the client will write questions in the margins. This gives them ownership of the planning process. As I have mentioned, we must give them time to process the information and internalize the price of their remedying their situation. I used to make the report, set an appointment to go through the report, almost word for word. I found this to be demeaning and unproductive for me and them. I would highlight important sections of the report and summarize our recommendations.

After all this effort, what would happen? The client/prospect would usually say, "Let me review this and get back to you." The volume of information was overwhelming and no one could possible absorb it in one reading. Did I really expect them to make a decision after reviewing the report? Of course not, I couldn't rationally expect anything but a simple thank you for doing this work. But by sending the report in advance, it gives them time to review the report, digest the information, formulate questions, and determine what they want to do.

Write this down. First, they can review the report and become familiar with the contents of our analysis. Second, they can digest the information at their own speed, and three, it gives them time to formulate questions, to determine if the report is on track for them. Fourth, it allows them to prioritize issues so they can start implementation. Now when I see them, we can have a productive meeting.

I have found that most agents, including me for a number of years, want to rush through this process. Why? Usually for personal reasons - like we want to move to the decision making so we can start implementing. Whether it is a cash flow problem, qualification for some production award, fear of losing the relationship – who knows? But rushing this process really hurts our creditability and the chances of truly implementing our recommendations.

Most agents are trained that if they do not make a decision right away, the prospect is going to slip away and you are never going to get another chance to deal directly with these issues. I do not think anything is further from the truth. Just like the example of the home improvement salesman - people want and need time to process and think through a financial decision. If buying a financial product is the only basis for having a relationship, then maybe you had better close the term sale and get out of there. If on the other hand you are doing a full job of planning, long term forecasting and budgeting for them and you really want to provide a value added service beyond the sale of a product, why would they not want to keep working with you?

Benefits Of Sending The Report

Again, by sending the report out prior to the meeting, they have a chance to look at the report, think about it, write down their concerns, and then when you meet with them, it should be very productive. By mailing the report first, you can set up an appointment to go over the details. When you set the appointment, it coincidentally creates a deadline. They will want to be prepared for the meeting. They are going to have to go through the report and be prepared to discuss it with you. The pressure to review the report before the meeting is a self imposed deadline. But it gets them focused.

When making the appointment, I ask if they have had a chance to look at the report. Their feedback helps me prepare for the meeting. It gives me an idea of how they felt about the report. They might say, "Wow, that was a lot information." Or "I am still thinking about what you presented." These are positive statements and quite encouraging to me. It tells me I am hitting the mark with them. Listen carefully to what they say when you set the appointment. It will tell you a lot about how your next meeting will go.

Once you get to the meeting, there are some important ground rules that need to be established, before you start through their questions. People do not necessarily want to be sold but they want to be led. They want to be confident they understand the important issues and have clarity of purpose and fact. This meeting is a great opportunity to gain their trust and develop your leadership position.

Ask if they want their advisors present at this meeting. I offer to bring things that might make them feel more comfortable and have more confidence such as section codes, research and other backup information.

Setting the proper expectations at that meeting is very important. I usually announce that no decisions are going to be made today. We want to review your questions and concerns and make certain you are comfortable with all of the models, facts and assumptions. Once we establish a comfort level, then we can start making some decisions.

When you notify them there are not going to be decisions made in this meeting, you release any tension and anxiety your client may have been building up. This sets them at ease and allows them to concentrate on what is important to them.

Before you start, reaffirm their goals. This establishes good communication, cements in their mind the reason they are doing this and gives them a chance to change their mind or restate their non-negotiables.

I have found the term "non negotiables" is a good way to communicate the importance of certain goals they do not want to compromise. But it is interesting that this term can make some clients uncomfortable. They don't want to seem entrenched. So be careful how you use it.

Some of the goals set in the fact finder session may have changed. Give our clients a chance to refine their goals and modify them to the point of commitment. Until they are truly committed to a path, how can you ever agree on a plan of action? They need permission to articulate these changes, if they exist, as soon as possible. When prospects read the report and see some of the ramifications of their choices in the models, they are likely to change their minds. Nail down these changes as early as possible. You don't want to deal with indecision later on.

One of the best ways to frame the question to determine where you stand is simply "Where do you think we ought to go now?" Or "Now that you have had a chance to look at this, do you have any basic sense of what direction or structure you would like to implement?" This does not violate the "no decisions" promise you made in the beginning. You are only asking for their sense of direction. Are you on target? Have one or two key strategies in mind here as you point towards closure. Be mindful you still have not raised any financial solutions yet.

Bringing The Meeting To Closure

It is critical, if you remember the structure of the report from case design, that you have the summary, conclusions, or recommendations up front. When I am summarizing, I like to go back and review what is most important as we go through the details in the model. For example, we might want them to change wills because theirs are outdated or poorly structured. This is an easy first decision. Perhaps their existing buy/sell agreement has problems. Again, this is an easy next step. Is the buy/sell set up in a way that creates an additional tax burden?

The more you can point towards these problems at the front end of the process, the more creditability you will have. This meeting should be open ended. It is a free wheeling discussion on their issues and your concerns. You are a consultant trying to help your prospect make the best decisions.

As you go over the report, questions should arise or something is wrong. You are going to have to draw out questions. "Mr. Smith, when I pointed out the loss of the step up in basis on your buy/sell agreement, did you have any questions about that? Did you know you could lock in a higher basis?"

If they are truthful with you and comfortable with your work so far, they are going to want to talk to you about their questions. So do not proceed until learning what they are thinking. If they are particularly quiet, then you might say, "Gee Mr. Smith, I am really concerned. Most people have questions at this point and the fact you have not been asking questions makes me wonder if something is wrong?"

Just ask them point blank. "Is this on target?" "Did I meet your expectations?" Ask checking questions. Keep them going in the process. Deal with the objections up front because it is better to deal with objections before you enter the product and insurance phase.

"Mr. Smith, did you find this to be comprehensive enough for you? Do you think I covered all of your issues? Did you have any other questions about the conclusions or recommendations we made? What do you think we should do next?" All are leading questions meant to give you feedback.

Learn The Timetable; Discover The Priorities

Most clients confer with their attorney and/or their accountant to make sure they agree with what has been presented. Hopefully, you have already covered this base and there will be no surprises. Keep the client focused on the next step. The best close is to push for an "all hands on deck" meeting. Ask when he would like to meet with his attorney, his CPA, his CFO, or any other trusted advisor, to see if everyone is in agreement. As you push towards closure, the client will always tell you what to do next.

At the end of this meeting, set the next appointment. Establish a timetable to begin implementation. If you have done the right job, they have already agreed to move forward on the obvious, basic steps. "Do you have your calendar? OK great, can we set our next meeting now" or "Shall I have my secretary contact you to set up the next appointment?" Ask how long he would like to have before we all get together again. And let him know that this meeting is for making decisions, if there are no more revisions. If there are additional iterations, then you need to set the appointment to go over the corrections and tell him you will fax or send it to him for discussion that can be done over the phone.

I remember one case where I made the presentation by faxing him one page at a time. He received one page and we talked about it, then another page was faxed and we talked about it. I wanted to make sure I didn't burden him with more information that he could absorb. (This was before e-mail.)

If the report is not right, find out how he wants it changed. Correct the assumptions and get them right back. As you work on this in a collaborative manner, they will often have new ideas. Maybe the facts will change. But this is all good because it creates interaction, and ownership. Such participation makes for a good long-term relationship.

When we are affirming the assumptions, make sure the yield, the tax rate, the growth, and the distribution amounts are all correct. Continue to tie down the accuracy of your factual information. Once you get an advisor actively involved, they have a tendency to question all the assumptions. So you want to make certain you are not embarrassed by careless miscalculations.

"I met with Mr. Smith last week and he liked what we put together for him, have you had a chance to look it over? Here are some changes he asked me to make, how do you feel about this?" And then you can go forward keeping them in the loop. Make sure the prospect agrees with everything you have done. "Mr. Smith, do you agree the estate taxes will be 45% of your total estate? Do you believe your buy/sell agreement will cause the value of your company to be valued higher in your estate? Can you see, Mr. Smith, from the report you need $2.5 million in your pension plan in order to create and accomplish your financial goals?"

Establish the decision points and ask him, "Based on what you have seen here, what would you like to change?" Again, you are tying him down. If he wants to change your models in some way or another, make certain he is comfortable with your end results.

You might ask, "Which of these makes the most sense to you, Mr. Smith?" or "Are you willing to document this type of arrangement at this time?" This puts you directly into the implementation equation allowing you to continue working directly with the advisors. It is easy to lose control at this point if you are not assertive about your continuing role.

Before this presentation, the advisors have signed off on the basics of the report. You have received their opinion and know when to bring them into the discussion. This is important as some advisors want to be part of every meeting. Others are willing to let you carry the ball for awhile and come in when the client is ready to make decisions. You need to find out how they want to handle the education process, when they want to be in the meeting. They will be sensitive to the decision-making process of the client and help you to better understand how to present the final report.

If at all possible, let the advisor sell the concept. Let them be the hero. I can remember a case where both the attorney and the accountant were just like little kids, bouncing up and down and selling the prospect on our recommendation. But then, right at the end, at lunch when we were collecting the check and final signatures, the attorney says, "This is wrong. This is not the way I understood it." And I said, "Really, what is wrong with it?" He said, "There is not enough death benefit. We wanted enough so the $5 million was level and the corporation would always get its money back. This shows the corporation getting its money back but the death benefit declines. What can we do about that?"

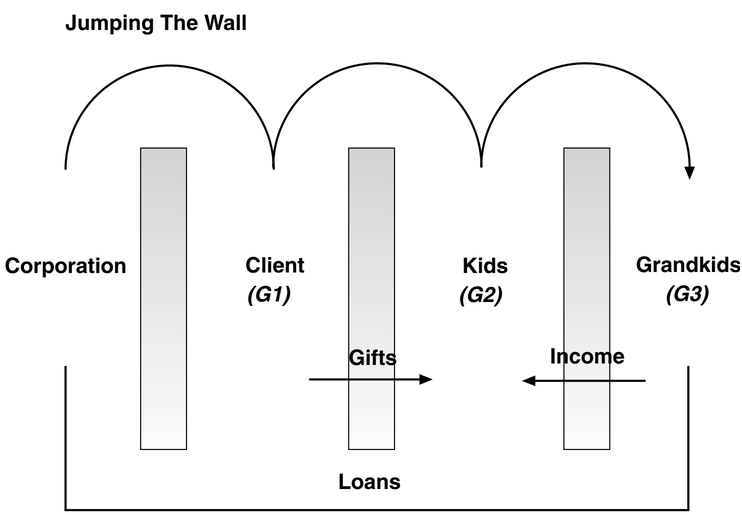
"That's easy," I said. "We'll take it back and reissue it. We can get the $5 million." I estimated it would cost about another $30,000 which was agreed to because they wanted to have the death benefit level to the family and still repay the corporation everything.

The point is, they were excited about the deal. They were the ones selling it and pushing it forward. So don't let your ego get in the way. What is more important? That you are the consultant leading the case and making all the decisions, or that the job gets done properly, you make the sale and you are part of the team? Make certain the advisors are on the same page. Do not in any way, present your ideas until you have reviewed and agreed upon the problems to overcome. Find out if they have any objections before you proceed to the next step.

Presenting A Complex Idea

There are a lot of complex details to go along with most sophisticated proposals. It is one thing to mail the concepts but be careful sending reams of backup material. This is what you show the advisors. I try to keep my initial report very simple as you'll see from a copy in the appendix. Note, all the complex details should be separate. When you do show it, go page by page, idea by idea. Create a spectrum that begins as a simple concept building to a complex idea. For example, generation skipping transfer taxes. In my client report, I refer to this as "jumping the wall" and if you look below, you will see an illustration where we actually draw walls between the G1 and G2 and even G3. (G= generation). All planning is a family problem whether the client realizes it or not.

I use a wall to portray the tax barrier. This is the barrier money has to pass through before the next generation receives it. This barrier can be income taxes, gift taxes and or estate taxes. In a corporation, the money "jumps the wall" when you use split dollar and 7872 loans. The client has to "jump the wall" to get assets to children. When a business is transitioned from G1 to G2, the only way to



make the transfer efficient is to "jump the wall." It is a simple phrase, but conveys a powerful meaning.

It's all about doing something for the next generation they cannot do for themselves. In generation skipping, you can set up a family bank for the grandchildren (G3) but the children (G2) can manage the assets and derive income during their lifetime. But the corpus of the trust cannot be included in their estate. This is something G2 cannot do for themselves. Only G1 can do it because of the grantor laws.

Another way to "jump the wall" is push assets down two generations by selling assets tax free to a trust. Notice here, I am suggesting the younger generation buy assets rather than pay taxes. The big life insurance sales in the 21st century involve moving assets through generations, it is not necessarily sold to finance taxes. If you fund taxes for the next generations, you are going to have to fund them again at their death. So why not buy the assets and move irrevocably out of the tax system? Move them along with all the appreciation when a G1 dies.

In complex cases, it is often better to unbind the presentation and work one page at a time. Even if they got it in advance, it is better to not hand them a thick report which might blow them away. Just review one page at a time. Do not assume all of these details were understood when they reviewed it. In fact, I will often ask what level of detail they want. Usually, they want the support to go to their advisors. But I give them everything they want to see. (Appropriate pages from tax facts, home office advanced underwriting reports, white papers written by other advisors, tax code, AALU bulletins, and whatever else is necessary to provide backup for their needs.) The more they know and the easier they can get the information from you, the more comfortable they are.

Problem, Problem

Years ago, an MDRT speaker, a noted professor in psychology, Dr. Kenneth Black, told the audience "Problem, problem, who has the problem?" He said you cannot wear the problems of others. The problem belongs to them, so let them keep it. In other words, it is not necessary for us to become involved in the problems others face. We have to remember whose problems we are solving.

You have to stay detached from these problems because they might be a source of pain or anger to your client. The anger may be directed at the problem. So let them process that anger or grief. The more they process it, the higher the possibility they'll accept a good solution that will help them. If you need the sale more than they need the solution, then you are not going to make the sale. So stay objective and work with the alternatives. Think of the problem on one side of the fulcrum and the cost on the other. So if the problem is heavier than the cost, then you have a sale. But if the cost is heavier than the problem, rejection usually follows. My process is designed to make their problem so heavy and painful that the cost of the solution is worth it to eliminate the pain of the problem.

Where's The Beef?

You may be saying, "Wonderful. You have spent all this time making me a consultant. Guy, where's the beef? Where is the insurance sale?"

Hear me loud and clear. I will tell you what I tell my prospective clients in my opening interview – when I go through the three circles. "Mr. Smith, I am a little different than most financial advisors. My objective is to help you find solutions in the most economic way. I do deal in financial products, but we want to identify every conceivable way for you to reduce your tax liabilities without ever having to buy anything. If we are successful understanding your situation, it is possible we can totally eliminate all transfer taxes when you pass your assets to your children. If we are not successful, you may still have taxes to pay. At that point, you will need to decide whether there are any financial products available to relieve or make sense to finance the tax. Then we want to be the one to handle it."

Such a comprehensive approach indicates a commitment to help find the tools that are going to solve the problem. The emphasis is on solving the problem, not selling a product. Maybe they will not need insurance (heaven forbid!) to fund the tax, but instead, they may need insurance to buy the asset. What is wrong with that?

Or they may need insurance to guarantee their assets are going to pass to heirs the way they designed their distribution plan using a buy/sell agreement. This is important to realize - there are multiple ways to use insurance in the planning process – multiple reasons why insurance is a valuable financial asset. So I never worry about where the insurance is going to fit. If you are not predisposed to selling the insurance up front and only focusing on identifying problems, the problems will dictate the use of insurance. After all my years of experience, I know insurance solutions will present themselves over time. If we trust the process, there will be insurance needs.

I am reminded of a case I am working on as I am editing this book. This is a father and son situation. The son is ready to buy out Dad who does want to sell. In our meeting with the CPA, after all the fact finding and problem identification, after the plan is locked down, the Dad looked at me and said how are you going to get paid? This is a long time friend and we decided as a firm we were going to help them without worrying about the fees. So I said, "Bill, there are a number of financial products that may fit your situation. Once we get all of this reorganization locked down, I'm sure we will be compensated."

"You mentioned you would charge a retainer against the time you were going to put into our planning."

"I did, but since it looks like we worked out most of the issues today, that probably won't be necessary."

"Well, we want you to get paid." Up until now, there had been no discussion of insurance. He continued, "I want some insurance on Bill Jr. to guarantee my buyout and he needs some insurance for his family. Let's get going on that right now."

So without having brought the subject up or even knowing for certain how we were going to approach the problem of insurance, the Dad brought it up for me and closed the deal.

At some point in the process, the client will want to know if there are any ways to reduce the tax cost. It is not very professional, but I often refer to this as setting the "hook." Just like in marlin fishing, once that hook is set, then the fun begins. The key here is to get your client/prospect to understand the price tag of their decisions. Everybody has a plan and every plan has a price tag. The only way this can happen is for you to measure those costs for all of the alternatives. When they see the costs, they will want to eliminate or reduce them. Insurance becomes a viable, clear alternative at that point.

The goal is to have them ask, "Are there any other ways to finance the cost?" Some will say, "Well, it looks as if insurance is going to be the only alternative." And as soon as they mention the i-word, directly or indirectly, you have to show restraint. Hold back. Don't pounce on it and start setting up physicals. Make certain they are not testing you. Do not go for the bait. If you want to lose your credibility, then start sounding like a salesperson as soon as they recognize insurance is a viable option.

So instead say, "What do you mean?" or "Why do you think that?" Get them to really run with it for a while. Just like fishing. Don't reel in your marlin too fast. Play the line a little and make sure you have a solid set. It is a lot easier to land a tired marlin than a fresh one.

Understanding The Value Of Financing

So insurance is now on the table and we are ready to introduce the concept of insurance financing. Remember this term financing. We finance the cost, we do not fund the cost. We have to look at each aspect of the costs, particularly the present value. I came across this as I was meeting with an attorney and a large farm family.

My partner and I were discussing with them some of the planning and considerations they needed to be looking at when the attorney got everybody's attention by saying, "The biggest problem you have is to find out how to finance this tax." I said to myself, "Finance? Did he say finance?" and I started writing down "How do we finance the tax?" My MBA financial mind was starting to roll on this thing. "OK, you can borrow from the bank. That is financing. You can borrow from the government, liquidate assets, use tax exempt charities and you could finance with discounted bonds. All are ways of financing."

So I wrote those down and created the matrix we used earlier. But now we are going to call this our Financing Matrix. Five ways to finance the tax. Look at the present value cost of funding $1 million worth of tax using bank, government, liquidation, charities and discounted bonds for couples who are 50 years old. Insurance can be compared to any other financing vehicles, so build a model which compares the bottom line costs with whatever assumptions you are making. Then compare all the costs over a significant time frame so they can see the first year cost is NOT the way to measure value. Really, there is not much more to the insurance sale than this. It is a financial transaction. Cost versus cost. But the emotion tied to insurance often prevents the client from understanding their options. You have to put it into perspective.

You might say, “That sounds easy, but where do they get the premium dollar?” This brings us back to that phrase, “Problem, problem, who has the problem?” One of our jobs is to find the premium for them, but this is done in the fact finder phase. When completing the fact finder, look for sources of money you may require to fund the premium later. It may be a corporation, passive income from land that can be shifted into a trust. The source may be a retirement plan or dormant IRA. The idea is to be aware of some of these opportunities before you need them.

Overcoming Objections

There are really four objections a prospect uses to not take action. First, they do not have any sense of urgency. Second, they do not see a need. Third, they don’t have any confidence in you or in themselves to make a decision, and fourth, they don’t have money.

Timing, need and confidence can all be resolved during your presentation, but money is not something you can manufacture. This is a function of prospecting and presentation. This relates directly to your filter on your Magic Box. You have to make certain you have a viable prospect before you decide to invest too much of your time with any prospect.

So “fact find” the money early on. Do your research to discover if there is a pension plan, IRA, gifts of income or property, loans from a corporation/split dollar and leverage. All are sources for paying a premium. Know how they are going to pay their way before they know you are even thinking about it. You have to make it easy for them to write the check. Determine their priorities along the way and make sure they maintain those priorities so the problem is always heavier than the cost.

Then you might say, "Is there any reason you would not take action to solve these problems if I could show you the best way to finance this insurance?" or "If I could show you a way for the corporation to provide you with zero interest loans over a period of 10 or 15 years, where the company gets back all of its money, would you find that interesting?"

Most people are unaware a corporation can provide tax deductible, zero interest loans to finance estate taxes. You may have to ask, "What has kept you from taking action in the past?" Find out what their thinking is and what has prevented them from looking at your strategy as a solution. (This is best done in the fact finding phase.) Remember, you get all of your information from the fact finder, but you build on it as you continue the process. Sometimes you'll discover the answers along the way and won't need to get more data later. You can always get more data until they see you as a salesman, then sales resistance comes into play.

So now you have it, my presentation process. What do you do? Send the presentation out ahead of time. Give the recipient ample time for review. Be certain all assumptions are right. Get into the revision process with them so they are participants in the process. Have advisors be part of this process. Have your secretary set up the appointments and get commitments for when those appointments are scheduled.

Make sure you clearly understand their objectives and priorities. Recommit them to their objectives along the way. Give them room to waffle – but eventually they have to commit. Don't mention insurance until you have a solid plan. Focus on financing the price tag. Show the advantages and disadvantages of numerous financing options. If insurance is viable, know ahead of time where the premiums are going to come from to show how easily they can be met.

If you do these things, systematically and with purpose, you will increase your sales. Remember – it all starts in the fact finder. How dedicated and purpose driven you are in the fact gathering will dictate your success at the end.

In the next chapter we are going to look more closely at common objections and how to work effectively with advisors. Stay tuned.

7

Taking Successful Steps In The Selling Scenario

This is a short chapter on closing the sale. Why? Because if you have done everything right–the sale will close itself. The client will want to move forward.

There are a natural progression of events in your successful selling scenario. The previous chapters covered the development of a comprehensive fact finder, which leads to the design of a customized program, which leads to the presentation. The presentation is often a series of iterations leading to an agreement. With an agreement in hand, it's time to close the deal and make the sale happen. In some cases that sale is a product and in some cases that sale is the documentation of a transaction.

For many of us, the agreement to do something is the close. But everyone knows an agreement can evaporate. So we have to be mindful the case is never over until it is signed, sealed and delivered. And even then, stuff can happen. Welcome to the reality of financial planning.

My basic tenet of insurance sales is "You don't have a case until you have a problem." Somewhere in that relationship, buyer's remorse or sales resistance likely occurs. Most prospects are not willing to write a BIG premium check unless they believe it's the right thing to do, or the amount paid is viewed as easier to deal with than the pain of the problem.

When this value judgment occurs, it is "a make it or break it" opportunity. And you should see it as an opportunity. But when the analysis is over, you either have a solid deal or no deal at all. When your client begins to have second thoughts, we have to take it seriously. But in most cases, all they want is assurance. If they sense you are confident about their decision, it will reassure them. So don't panic at simple delaying tactics. Embrace the opportunity to further bond with your client by reviewing all the problems and pain your recommendations resolve.

When we get an objection, deal with it directly. Remember, "You cannot lose something you never had." I think such a mindset helps keep things in perspective. Why worry about what you cannot control? They are going to do what they want to do when they want to do it, anyway. So just lay out their objectives and alternatives and revisit the five ways to pay. Review with them why and what they are doing to see again why they made the decision in the first place. Be as open with them as you can and see what happens.

What is the worst thing that can happen? They might say no? Isn't that what we're trained to do – deal with real objections? This is when the professional selling really begins. But make certain it is a real objection, not a smoke screen erected to avoid the reality of their problem.

I know I said they do what they want to do. But there is a big difference between you trying to sell a plan by giving your prospect limited information and offering a total plan based on an informed analysis and opinion. When you have gone through this complete process and established their goals and objectives – you have earned the right to be forceful and assertive in your recommendations. Your clients are looking for leadership – wise leadership. You are their designated leader – like it or not. If it is the right thing for them to do – then you may need to fight for the others (the beneficiaries) who will be favorably impacted by your plan. They will respect you for it.

One of our long-time clients saw some of our planning come to fruition when his mother died. She was 89. When we first met him, ten years earlier, he held a small stake in the family business, a gift from his father. He asked us to work with his mother and her advisors. We included his advisors as well, bringing together a plan that would put her in a minority ownership position. Once we reached agreement, we helped implement the transition. Some stock went directly to him and some into trust for his children. In the process we saved the family substantial estate and income taxes (many millions of dollars). But more important, it gave him the ability to build the company and grow it into a very substantial company - worth 10's of millions of dollars. So ask yourself, how much in taxes did we really save this family? Was it just the initial taxes or the taxes and fees on the ultimate value of the company?

After the smoke cleared, both he and the advisors went out of their way to thank us for our intervention and planning. They stressed how instrumental we were in bringing about the planning that saved so much in taxes and passed so much wealth to their heirs.

The point here is leadership. I had to be a leader. We had to aggressively push the agenda and show the benefits of the plan and then make it happen. There was no one else to assume this role. Always remember, we are their advocates and as such, we must be sensitive, yet firm.

This is why we ask questions. Your process always benefits when you ask questions. Try to learn why their earlier needs or concerns may no longer apply. You have to reaffirm their objectives and timetable as well as their understanding of costs. It would be pretty strange for them to go through this entire process, get right down to the end and then say, “No I can’t do this, I have to talk to my wife” or “I can’t afford it” or whatever the objection may be. By then you have these issues answered. The only possible objection is FEAR. They fear their ability to make it happen and the consequences of making a wrong choice.

If you have correctly walked the client through your process, gathered all the facts, and designed an ethical, professional solution, then refusal shouldn’t be an option. When you have taken them this far and they balk, for some reason, remain calm. They expect you to be rational and professional. It is their job to be afraid. If they sense any fear or indecision on your part – it will only add to theirs. Stand strong.

Our internal reaction actually may be fear – time invested and lost, a commission that will not be earned. I know stories of agents who have reacted negatively and in some cases said something they regretted later. This is not the time to belittle or badger a client. It is not about “me.” Just because you have invested many hours with this prospect is no reason to panic, flip out or become scared. Recall the bonding time, the moments of intimacy that occurred. Reflect your passion and respect for them and their unique situation. (By the way, this is a good reason to charge fees, isn’t it?)

We agents can be our own worst enemy when the client appears to be waffling. Don’t make the situation worse by making an inappropriate remark. Often, if you are patient and give them time, another day, week, or month, your prospect might reconsider. This assumes of course you did a good job. That you took them through the process and obtained agreements all along the way.

Rejection at the eleventh hour doesn't make sense. Who spends this much time and energy going through this process only to back away? So don't let greed, anxiety, frustration, or fear force an error in judgment or action. If now is not the right time for the client to make this decision, then ask, "When?"

And get this! Sometimes, losing a case does not prevent you from going back a couple of months or even years later to see how your prospective client is doing. I have done this and sold more than I originally proposed. Once, I put a lot of time and energy into a 401k, only to learn later we were in a "secret" competitive situation. We made our presentation and another organization was selected. Two months later, I took the CFO to lunch where he told me we actually had the best presentation. The reason he went with the other group was based on an emotional decision. Our competitors had a bigger name. He felt more comfortable and thought his employees would respond better to a known entity but that he was really impressed with our analysis.

So I suggested doing other things for the company. He responded and decided to use me primarily because he liked the way we had handled the process on the earlier case.

You cannot burn bridges. In every situation, I want them to think positively of me regardless of their decision. I never want to do anything that might come back to embarrass me or prevent me from looking these people in the eye or doing business with them long-term. You never know where or when this person might pop up again.

Sometimes it is hard to imagine ever doing business with them or seeing them again. Especially if you lose a case and the prospect has not been fair with you. You probably have a lot of negative feelings. But we can only do what we can do. Just control what you can control. Do the best you can and let the people make the decision. Make them feel as good about their decision as you can. Sometimes you might say "I don't agree with what you are doing but maybe sometime, downstream you will re-evaluate and change your mind. If you do, I would like to talk with you again."

I said earlier, buying is a natural consequence of a sales process. Everybody buys something … even if it is nothing, it is still a decision. So after your initial presentation and the subsequent iterations are complete, you will get back with the prospect to go over the details. Here you are going to review the original recommendations and make sure there are no additional questions. Assuming things are ready to go forward, the next session needs to be an "all hands on deck" meeting.

Get All Decision Makers Together

Selling is an art. Knowing the right time and the right way to close the case is an elusive talent. If your client is content with the work you have done and is confident in their ability to make this decision, so be it. Presumably you have involved his advisors and they have bought into the plan. But what if there is still some reluctance? This is when you let the advisors sell the plan.

If the advisors are on board, but for some reason the client is hesitating, the best thing to do is call for a meeting. I might say something like, "You told me to call you back in two weeks. I hope you have had a chance to look at the models. Do you have any final questions? Do you think we have hit the target? Great! What I suggest we do now, is get together with your attorney and accountant and get everybody in the same room. Let's review these final models to see if there are last minute adjustments needed before we formulate our implementation plan. Are you okay with that?"

Now you get the CPA and the attorney in the same room. You may have to bring them up to date or perhaps they have been a continual part of the process. Either way, they will appreciate being in the finalization meeting and could help close the sale. If you have done everything right, the client will usually pull the trigger in this meeting.

The key question is "What do we do next?" and let the advisors and client tell you where they are going next. The client says "I want to think about it." Okay, let him think about it. "What can I give you to help you make this decision a little easier? Do you need any more information?" "Well I need to discuss this with my attorney."

"Certainly. They have a copy of our report, is there anything else you would like me to give them?

You see, getting everyone together is vital to your success in larger cases. Most wealthy people find it very difficult to make these decisions because they are intimidated by the complexity of a financial plan. It is hard to think of highly successful, risk takers being intimidated but they can be.

I remember one case, where this introspective client told me the problem was that the advisors expected him to evaluate the recommendations and decide if they would work. "How the heck would I know?" That really made a point to me. Clients want answers, not questions.

If everyone who has worked on the project is in the same room and agrees to a final plan, why wouldn't a client make the right decision right then? There is no reason not to – all they want is assurance.

If they want to conference with their advisors without you – let them. "Would you like me to leave and let you all have a chance to talk about this? I could come back in a half an hour."

Moving Ahead

Once the decision to go forward has been made, get agreements. Find out what each person is going to do next. Assign a timetable. Make the insurability issue a two month affair. Say "It will take more than two months to get this accomplished, so we had better get started."

Stress the importance of moving the whole project forward. Try to prevent doing it piecemeal. If insurance has been agreed upon, warn how long it may take to be finalized. Also, point out the length of time it takes to gather the physician information. It could be six months before all of moving parts are synchronized. Make it all happen together in the natural sequence of events.

Lest there be any confusion, funding should be a separate discussion from the plan. But once the plan is in place – then the funding is on the table. And although I have cautioned you not to talk about insurance until the entire plan is locked in place, I have found you can move this timetable up depending on how well the advisors work together and how the client is responding. Once you feel there is commitment to the overall plan, it is time to discuss funding.

You don't want to be dogmatic about it, but the key activity is to get them committed to the plan. Get everybody to agree. Then you can work the insurance into the process. You don't want to be inflexible and risk scaring them off. "See, I told you this was about selling me an insurance policy."

Funding starts with analyzing all the alternatives. Funding becomes the last thing you look at. Whether this occurs before, after or during the documents presentation, timing will be determined by the interplay between the advisors and the client. It is critical that you not deal with the funding solutions and financing issues until they are ready to go forward with the plan. The plan determines the funding strategies. If the plan can change, so can the funding options. The key here is to add insurance to the five ways to pay only when the plan is a done deal.

Anticipate Objections

At this point in the process, there shouldn't be many objections. If you have done the job correctly beginning with preparing a thorough fact finder, then presenting the alternatives and finalizing the right solution, there shouldn't be any grist for the conflict mill. If you have brought the advisors into the loop and everyone has agreed upon a set direction, it is unlikely there will be any surprises. Once the plan is set, the funding can be discussed and the liabilities measured. It is at this point you introduce life insurance, assuming it is appropriate.

Just remember, whoever says the objection FIRST, owns it. By that I simply mean, if I bring up a natural and logical issue that needs to be examined, the client will have a difficult time claiming that objection as their reason to not move forward. However, if they bring it up, you're cast in a bad light for not having thought of it.

So anticipate any last minute questions or possible objections. If everything is moving forward smoothly, assume consent is forthcoming. Just say, "In order to get this started, we will need to …". Why would they not want to do what has already been agreed upon? You are just moving them through the steps needed to complete the deal. Assign the respective jobs. The attorney gets the preliminary draft done, "Joe, when do you think that is going to get done? Two weeks? Okay great." Ask Pete, the CPA "What about the budget, the tax analysis, when are you going to have that ready?" or "Unless you want us to do the forecasting and the budgeting, and then run it by you." And then just a natural part of the progression of that process say, "I will get the insurance started. Mr. Smith, when would you like to take the physical? When would be the most convenient time for you?" Make it all sound natural as though it happens all the time, because it does.

If there's any hesitation, I will say to Mr. Smith "I have the feeling you're a little uncomfortable. Is this going too fast for you? Is there some question you have that is unanswered?" or maybe I have to take a risk and say, "Mr. Smith, would you like to wait a little longer to start this process? Would you feel more comfortable delaying a decision on the funding?" You can't lose something you never had. Sometimes the best strategy is to put your greatest fear out there to determine if it's real.

Any objections at this point are generated from fear or confusion. "Every objection is rooted in fear. Fear of making things worse than they are right now, fear of making the wrong choice, fear of having to cancel the plan because of financial stress." When you hear these fear-based objections, acknowledge them as real but position them as being somewhat commonplace. You could say, "I hear what you are saying. I don't know if this makes sense for you, but here is how we can handle that…" and then stress the flexibility inherent in the plan.

Stress the importance of doing something. Do not let them get caught up in indecision. After you have answered the objection, ask if there are any other issues that concern them. This way, you are giving them a chance to be a decision maker in the process.

If they do come up with a new objection, make them restate it. I have mentioned this tactic earlier. I think there are three kinds of objections based on desires, needs, and action. Under desires, there is what you want to do, under needs it is what you have to do, and under action is what you are going to do. So desires often conflict with needs but when you bring them into alignment, you will get action.

So first, review their desires. Ask what they want. Reinforce what you learned from all of your fact finding. What has changed? Ask what needs to be accomplished to feel more comfortable.

"What is the minimum you are willing to do from an implementation point of view?" He may not be willing to make any gifts to the children yet, but may put the insurance in force to protect them. Clients are often unwilling to let go of income and assets because they are afraid they won't have enough for the retirement years. You may have to reassure them they have more than enough under any worst case scenario.

Finally, "Mr. Smith, how can I help you accomplish this?" Questions like, "Did I misunderstand you when you said…" or "Did you change your mind when you told me that…" or "Do you think there are any of the other alternatives we should look at which might meet your needs better?"

Marlin are strong fish. They run when they get that hook in their mouth because it's painful and they feel restraint, probably for the first time. Sometimes you just have to let them run until they get so tired they can barely stay afloat. If you try to get them into the ship too fast, they may break the line. Similarly, marlin clients can balk, run away and hide, and fight the line if an agent closes too soon and too hard. Let them run and run if you have to because it will probably end as a good sale.

I hope you have the sales process firmly in mind and if you do, I think you can see these cases should close themselves. There is a natural process you must follow. It takes patience and discipline to not force the issue at your pace. A gentle nudge, reminder – let them know you are there to help them. If you are about to schedule a meeting and you are not comfortable with it and are not ready, re-schedule it for later. It is okay, it will still be there. When they finally get "sick and tired of being sick and tired," when they have run long enough and hard enough, they will finally give in and implement.

Ten Closing Reminders

There are 10 realities to remember during preliminary process or when you close the case.

Number 1 - you can't control everything. Be clear about what you do control. You can control preparation and input, but you have to be flexible. You can facilitate decisions, so listen and determine how close your prospect is to buying. You can provide counsel, so problem solve with them and be a counselor not a salesman. But remember, we do not control the decision ultimately made by the client. The best solution for them may not initially be the ideal solution you would choose. They may only be willing to do part of it. If we help people get what they want, they will help us get what we want.

Number 2 - do not complicate the decision. Be direct, focused, and clear. Do not manipulate or use fear tactics. These techniques will bite you back. Provide logical thinking and simple answers that are well thought out. Try to understand why they are asking the questions and anticipate their needs. Once you discover their "hot button," don't start selling. Stop and help them find ways to meet their needs. Do not confuse them with too much information. Have a logical process and make your presentations very clear.

Number 3 - you cannot be all things to all people. I don't feel comfortable working with everyone I meet. For some, the chemistry is not there, so I don't pursue them. Some clients are very relational, some technical, some are so focused they cannot listen to hear what is being said. So decide what type of people you work with best and concentrate on ways to meet more of them.

If you do a joint case, one of you may have to play good cop, while the other plays bad cop. One can be the friend and the other the inquisitor. Someone has to ask the hard questions and draw out the real issues. The other can be the color commentator and keep the client at ease. One builds trust through their technical answers, while the other maintains trust by providing a calming influence. It is important to remain clear and focused on the roles.

Number 4 - don't try to close the sale before you have been hired to do the job. There are two reasons why we are hired by the client. One is financial, where they agree to pay you through either the purchase of a product or through a fee. The other, which is far more likely to happen, is they hire you emotionally. This happens when they start asking you for more information. So step 1 is to ask for the job. If they say yes, then you must earn the right to retain the job. Step number two is after you have earned that right and they have agreed to pay you, then move into a counselor role with them. This means you have developed their trust and confidence. Don't confuse compliance with trust. Compliance could mean you are being tested. Trust means they want to do business with you. So once you have completed those two steps, you are in a position to ask them to buy.

I would suggest you do not do any real intensive work until you have been hired. You can play a little hard to get. Prove what you can do first by providing information, but save any analysis until you've been hired. Make them want the rest of it. Encourage them to have some ownership in the process, whether it means sending you data, setting up a meeting, providing lunch, hopefully calling you with questions. Have them do something that gives them ownership in the process.

The right answer at the wrong time is the wrong answer. You always need to negotiate the deal before the deal, according to Bruce Etherington, or you may end up doing a lot of work and never getting any business. The client is never going to hire two people to do the same job. So if you have been hired, the chances are good you are going to do the job. When life insurance is a commodity, you are not going to make the sale in most situations. You have to make it a service by providing sufficient value-added initiatives.

Number 5 - manage the expectations of your clients and do it with integrity. Describe the process accurately and completely to them. Tell them what to expect. Show them sample documents to demonstrate the deliverable they will receive. Show them a sample of the reports you will send. Make certain you do what you say and do it within the timeframe promised. Explain all of the steps clearly in writing. If you are going to do modeling, show what to expect. If you are going to charge fees, state what the fees will be and how they're arrived at. (Within reason, of course.) Only quote ranges of fees for other professionals unless you know specifically what they are going to charge. You can use your experience on previous cases to give them an idea of what your financial recommendations might cost.

You must communicate to all decision-makers or buying influences in the process. Let them tell you how to sell the prospect. Learn their thought process and use that method to explain your concepts. If you learn the prospect likes pictures, don't stick with words. Use pictures. Ask the advisors how they see this coming together. Sometimes you can examine their work product to see how they think. It is not unusual to ask them if you can see proposals they make to clients as you understand their business. This will give you a clue as to the prospect's need for detail.

Number 6 - make the case for all your services in the beginning. Be complete. Clients need to see you as a comprehensive resource, that you can facilitate and process with others. They need to understand early on that you handle the financing of solutions, that this is one of the ways you get compensated for your expertise. People want to know how you get paid. If it is too open ended, it makes them nervous. You don't want to hide your revenue sources or make them a mystery. Disclose your role up front. Let them know you can handle the details of the solutions they select. Show them you have the skills to implement and that you are an integral part of the team.

Number 7 - there is never only one reason to buy. People do what they want to do, when they want to do it. It is that simple. If they don't want to buy now, they don't need to disclose why. A way to discover their reasons is to use the trial and error method. For instance, in estate taxes, is the decision delayed in order to protect the family heirlooms for the next generation? Is it to keep the business intact? Is it a good business decision? Is it the only viable alternative? Do they just feel it is time to complete their planning? Is it because they want to help their heirs? Do they need a deduction? Find out what is driving their desire to work on this with you. It is the key to the ultimate result. It may be more than one thing. Don't be too quick to judge. Explore all of the options.

Number 8 - stress the returns – discuss how they will minimize their losses and maximize their benefits. You need to demonstrate your value proposition. Why should they work with you? It takes time and energy to go through this process with you. Why should they? What will they get out of it? Show them the value of what you offer. It makes their decisions easier. You handle the details of whatever it is they need. You do the work. You are the facilitator, the quarterback. Make yourself invaluable. Find the most comfortable way to help them move forward. Ask checking questions. Remember the scale? Help them determine if the cost is heavier than the benefit or if the pain is heavier than the cost. You have to keep this equation in mind at all times. Express the cost/benefit ratio as a discount off of the cost or as a percentage of the whole. The premium is two percent a year or there will be a 94 percent discount. Ask them "How do you feel about this? Are you okay with this idea? Are you comfortable with what you know so far?" You cannot lose something that you never had.

Number 9 - you can only eat an elephant one bite at a time. Complexity must be broken into small bites. Thick reports are intimidating. Use executive summaries to highlight your findings and the issues they need to address. Also, keep in mind, most decisions are made when you are not in the room. So you have to give them something to review and remember. Here are some "to dos" for an executive summary. Clearly state the recommendation. List the positive results implementation provides. Cite the reasons to take action now. Show the cost. Provide the alternatives considered. Include the implementation schedule. Use your skills to get hired and then use their reasons to make the sale. You must learn the emotional hot buttons. Most business owners want to feel good about their decision but they also must consider the impact their decision has on their entity. Most of these cases have many barnacles - Top management, the CFO, the outside advisors, the Board of Directors. The politics or biases you may confront are important to understand. In many cases your client has a whole support system they rely on when making important decisions. You have to work within that system.

Number 10 - do not be reluctant to disclose how you get paid. Understanding your value proposition is key to getting hired in order to be paid. If you don't think what you do is worthwhile, why should the client? It starts with the deal before the deal. In the first interview, if they do not ask you how you get paid, you MUST bring it up.

So how do you get compensated? Whether by fees or commissions or both – it has to make sense to the client or they won't go forward. Do you get compensated on a wholesale or retail basis. Whether you work by ingratiation (making them feel obligated) or by direct payment, you have to get it on the table early. I will often say, "I want to earn the right to do business with you. Once I have done that, we can discuss how I get paid." I then earn that right by doing a small project for them to show how we think.

Learn how to express your compensation as a percentage of the amount invested or a percentage of the death benefit. For instance, look at a million dollar policy with a $15,000 premium and a $7,500 commission. The commission is 75 basis points of the value you provide the client – the $1 million dollars.

Clients often think in terms of loan fees or mutual fund fees, so ask, "How is your attorney, CPA or banker paid? Are you comfortable with points on an entire transaction?" Know what is considered standard for this type of plan. In some cases, you are going to find the compensation you are earning is the unspoken objection. Preempting an objection is reason alone to bring it up your compensation. "Delaying an answer can also work. "I will not know all the fees until we have had a chance to get a handle on this entire project. But I do know this, in almost every case, the government pays our fees out of the tax savings our plans make possible." Some attorneys get into trouble with clients because they don't want to divulge all the legal fees and how much has been already spent. It is always best to relate cost to value and you should try to make the cost incremental, dependent upon a deliverable.

So there you have it. Ten important realities and rejoinders to the sales game. We have covered how to position yourself in the closing process with the other advisors. And hopefully, you have a good idea of how to get them to help. We have looked at closing being a continuation of this process, having everybody there in the meeting, you telling them what the next steps need to be and what they have to do to finalize the process. Finally, it is important to anticipate any last-minute objections in order to facilitate implementation.

In our next chapter, I want to talk about practice management ideas which can help you be more efficient.

8

Practice Management - The Key To Increased Productivity

It has been my experience most agents have very little training as business owners. They measure their sales results, but they don't know their bottom line. They know their income, but they rarely work from a budget. They are willing to invest in client development but rarely in business processes and staff.

You might consider yourself good in business, especially if you have been doing this for a long time. But if you are only doing those things that are repeatable and systematic you may be missing out on an opportunity to enhance your productivity through delegation and leverage.

In the previous chapters, I introduced certain nuances I learned through trial and error that helped me reach the the top of the table and stay there. Ideas that helped deal with High Net Worth clients. I hope they have been helpful. But just so you know, I truly believe anyone who has survived in this business longer than five years can be successful just by doing more of what made them successful in the first place. By improving each of the main areas of focus in the sales cycle - from obtaining referrals to opening the case to designing the case, to making the presentation, etc., you will improve your productivity and effectiveness.

What I want to do in this final chapter, is look at some of the business techniques and philosophies I have adopted in my practice through the years, hoping you can profit from them as well. One more thing – reality. Having been in the business since 1966, I have determined that I really have two businesses – client maintenance and new production. We all do the same things. The question is how effective and efficient are we?

My client maintenance is a lot like your practice I am sure. We concentrate on answering questions, meeting needs and fulfilling obligations. Our new production is aimed at finding and serving HNW clients who want our type of service and ideas. So part of our business model is devoted to this market. But part of the model is handling 40 years of relationships.

So Let's Start At The Top

Organizing Your Daily Routine. See *Appendix 6* on page 248 for my daily calendar.

I am often asked what a typical day for me is like. If there really is such a day, here goes. I am early to bed and early to rise. I am usually out of bed by 5 AM and I try to exercise 3-4 times a week. I used to go to a sports club every morning at 6AM just so I could beat the rush traffic. That was a great motivation. But when they put a toll road directly from my house to the office (literally), I lost my incentive to get into the office so early, especially since I could do my e-mails and other work from home. So I set up a gym at home and try to exercise 45 minutes 4-5 times a week. This consists of cardio vascular (I use a Gazelle glider) and stretching (a tilt board) plus weights.

Then out of the house by 7-7:30 AM and off to breakfast meetings or the office.

In case you wondered, I am an inveterate multi-tasker. I can juggle four or five things at the same time and often do. It is just the way I am wired. But am I obsessive compulsive? I don't think so, at least not anymore. And I can tell you, if I didn't have an organized process and staff, I would never be able to work efficiently with a low level of stress.

My goal is one touch. See, decide and then delegate. What happens after it leaves my hand is not my problem. A competent, dedicated staff person has it and I trust will do what is right. I will tell you more about this later – but my hiring philosophy is simple, I hire adults. I want staff members who will take responsibility for their job and not bother me with the details, unless there is a problem.

Two Types Of Days

I either have an office day or people days. You, of course, know which I prefer. And regardless of whether it is an office day or a people day – my first priority is to complete any communication issues that are hanging from the previous day or came in over the evening. This means returning important phone calls and e-mails and answer any correspondence.

I have a simple philosophy when it comes to messaging, return all calls and e-mails within 24 hours, preferably the same day. As you know from the non negotiables in the Introduction, I want to hit every issue head on, as fast as I can, to prevent any problems compounding from inattention. I believe I have only one thing to sell – our responsiveness. This is our defining value. If I can't get it done right away, then when? Who is responsible? What is a realistic deadline? How will I know it is being monitored? I hate projects that drag on and on. I am constantly vigilant about delegated tasks. I want to make certain none of them fall through the cracks. I never want anyone to say we let them down. I ask my staff to have the same sense of urgency and commitment.

So whether it is a people day, or an office day, I try to go through the various messages from the prior day, I review my list of priorities and decide how I am going make it happen. This includes fulfilling promises I have made, identifying people I want to contact and appointments I am going to hold. If I am not selling then I am marketing. Those are my unique skills and only I can do it in my organization. I manage all this frenzy with a very comprehensive database. It has complete details of all my projects and contacts. All of the underwriting files, client files and correspondence are accessible through the DBase. I can access these files from anywhere in the world if I can get on the internet. All of our staff can as well. Several of our staff work from home. (I hire adults, remember!) We made the decision to go paperless in 2002, but it took many months to convert all of the files. Everything that comes into the office now is scanned and assigned to our database.

Managing Your Database

After I complete my communication tasks, I review our list of open items to see where things stand and if we are on target. Also on the DBase is a list of prospects and clients who need contact. Every Monday I receive by e-mail our underwriting log. I review it to determine if I need to step in to move something along with a gentle nudge. Another early morning chore is to touch base with staff to see if they have any problems or questions.

We try to kick out proposals and reports quickly so we can keep the momentum going. We act as a service center for other agents who work jointly with our firm. There is a lot of activity beyond my own projects.

I usually find one or two of my projects need to be customized in the review. So to move it to the next level, I will review the format and logic, make any corrections and then return it to the appropriate staff person to finalize. We have a project manager who is responsible for tracking all activity to make sure we are on pace.

Communication

The other important task is communication. I have found I can write the letters and reports faster than I can dictate them. So I will sit down at the word processor and bang out any correspondence. Then I will give the letter to my administrative assistant to proof-read and suggest changes that might make it better. In our office, there is no room for ego. I want suggestions and help if it will make our service and message clearer to the client. So you can bet I get a lot of it. She corrects the grammar where required and prepares them for my signature.

Frankly, I really detest office days. That's when I feel like I am unemployed. These days are often unproductive and means I can't close anything unless I am doing it over the phone. But office days are a fact of life. So this is when I try to make certain the business is running smoothly. I check with the staff – to see how they are doing, if they have any problems or concerns and make sure they know how much I appreciate them and what they do for the business.

Back To My Schedule

My AA gets in about 7AM (and leaves around 4PM). Assuming I am in by 9AM, I am ready to make phone calls or follow up with people I want to talk to. I have found there are usually five to six core business hours everyday. Between 9AM and 11:30AM and between 2PM and 5PM. These core hours are when I have had the most success reaching and talking to people. Between 11:30AM and 2PM – I have found it is very difficult to find anyone who will take a phone call. So during this "downtime" – I will work on projects or deal with paper work or see someone.

I love my people days. On people days, my goal is to have three or four appointments scheduled. Sometimes I will have fewer, but they will usually last more than one hour. I have stopped running several meetings together when I know that a relaxed, laid back, let's talk approach will be more relaxing to the client.

I schedule breakfast appointments as often I can. When that happens, the early morning workload shifts to the non-core times (11:30AM – 2PM and after 5PM). I avoid making lunch appointments unless I am forced to do so, because they interfere with the non-core business tasks. Another reason I like to push early business meetings is I find I can deal with "move it along topics" better then simply because you don't have to deal with alcohol and the lunch crowd. Besides, I have always rejected business lunches as a "have to." I prefer instead, to have lunch with friends, a referral source or staff.

Because most of the thinking and process work is done by my design team, it leaves me time to be socially active. Remember, activity breeds activity. I do everything I can to minimize any non-people activities from those core business hours.

Other activities that fill my day are thinking through plan design, analyzing project data or designing a new strategy. I often sit with staff to make sure they understand what I want and I usually touch base with our associate agents on various client-related matters.

Picking up again on my daily schedule – I usually take a quick lunch and then pick up the contact pace at 2:00.

I try to reach clients and prospects until 5 o'clock by phone. Then in the early evening, I finish by planning the next day's activities so when I hit the office the following day, I am running and gunning with no distractions. I will finish up late day e-mails and complete any write ups still pending. I also will review cases and am usually out of the office between 6 and 6:30 p.m.

If I have appointments, I try to maximize my efficiency. If I am in Bakersfield, I might be out for two days. But we often see 10 to 12 clients and new prospects. If I am in San Diego, I try to be down there for the whole day. If I am up in Los Angeles for seminars or whatever, I try to concentrate on seeing people in the area, if possible. Then when I am back in the office, I am working on the paperwork and following up, as necessary.

My Basic Office Rules

It is important to have an office culture and specific guidelines everyone can point to and be encouraged by. I have two basic rules. I told you I hire adults. Adults take responsibility for their actions. They are honest, on time and dependable. They do what they say they are going to do. Children have to be managed. Adults work independently and don't have to be supervised. I am not into managing, monitoring, spying, etc. I want people working for me I can trust. When I hire someone, I am looking for evidence they are an adult and that I can trust them.

Most of the staff has been with me for many years. Two have been with me since 1983, one since 1988, and another since 1992. We don't really have turnover. We offer career positions.

There are only two real guidelines and they are interrelated. First, don't guess. By this I mean, if you don't know the answer for certain, you are guessing. So find out!!! No one is going to get upset if you don't know something. My hope is an employee will figure out what they don't know and find a way to get the answer from someone other than me. But if need be, I will either tell them the answer or point them a place where they can get the answer. I tell everyone, the only way we can get in trouble is if you guess. Guessing is what causes law suits.

The second guideline is just as important. I want each person to know they are not responsible if we lose a client. If they act in an honest, forthright and responsive manner – nothing they can say or do will cause a client to go someplace else with their business. If a client wants to leave us, they will use any excuse they can. In the final analysis, if a client is unhappy, it is my fault. Why do I tell everyone this? There are two reasons – first, I do not want anyone to feel intimidated by a client. I try to only deal with reasonable people who respect others. But sometimes people change or become difficult. So when this happens, we just do the best we can (because people will do what they want to do when they want to do it).

The second reason is I want the staff to know I back them up. I take full responsibility for what happens with an account. I don't want them to be concerned I will "take it out on them" if a client decides to leave. It is not their fault if they don't guess.

I have some other guidelines as well. I do not bribe people with meals. I use meals as a way to build relationships. Also, I do not carry a briefcase or business card. When I go into a meeting, I go in unarmed, I don't take anything into any meetings. Remember, I mailed the presentation ahead of time. If I take anything, it's in a folder. I try to be as unobtrusive as possible. In an opening interview, when I explain the three circles of wealth, I do not have anything in my hands. I do not have a brochure. I don't even bring in a paper tablet.

I want to be as benign as possible. I want to avoid the sales stereotype. So I try to not do any of the things sales people do. And as you know, I don't mention the word life insurance in this first interview. I try my best to stay away from that subject unless they really want to talk about it, and in that case I will introduce the Box.

I do ask a lot of questions. In fact, when I first meet someone, I usually want to ask so many questions that it becomes awkward for them to not ask me some questions in return. This is when the real discussion begins.

Another office rule in our office has to do with mail. I have all of the mail categorized into three piles. Important, correspondence and junk. My AA sorts the mail and brings it in a couple of times a week. I may sort through it and throw away the stuff I do not want, but I do not handle my mail. I do not do anything with my mail other than to make sure that the most important items are handled on the same day I get it. The rest of the mail is left for the non-core hours. I usually take the magazines home with me so I can look through them on weekends (which rarely happens). If there are important articles, I tear them out and have them scanned and catalogued. The key here is to have a system and follow it.

Mail can be a real time waster. When I first realized this problem, I was spending 30-40 minutes a day on mail. Now I spend less than 5 minutes. It is important to not get bogged down in anything that can distract you from seeing people. So let someone else sort the mail and you can go through the non important mail in your off hours.

What About Staff

I am often asked when should staff be hired. The answer is simple; hire before you can afford to or become desperate for help. I believe an excellent support person is one of the most important keys to high production. If you try to do everything yourself, you may save a lot of money, but you will lose a lot of life years. A life year is the time you can devote to selling. Your support personnel is important and critical to growing your business and expanding your life years. If you are not happy with where you are today and you want to do more business, the reason probably has to do with how much time you are wasting. So think about building an organization.

There are two types of agents – employees and business owners. Business owners think like their clients. They hire, train and delegate. They leverage their time. Employees work 8 to 5 and do the minimum to get their paycheck. It is rare an employee (agent) will ever reach higher production.

I have had many conversations with agents through the years who felt their bottom-line was 100% of their sales income. They were proud they were able to keep 100% of everything they earned and that nobody could ever be more effective or efficient as they are. The only problem with this thinking is they had put a cap on their income and didn't know it. Also, they were in a slow spiral of production death, getting bogged down in minutia to the point they increasingly would have less and less time to meet with new clients. You have to invest money to make money. It is a simple rule of economics.

Overcoming The E-Myth

In The E-Myth, Michael Gerber outlines a way to think about your business. He tells the reader to create an organizational chart that depicts all of the main activities in the business. He says to identify the administrative function, the marketing function, the research and development function and the finance function. Then, in your daily activities, make sure you know which hat you are wearing. Create standards and procedures for each department in preparation for the day when you will delegate those functions to a staff person. This is a best practices anthology for successful entrepreneurs.

He writes about making your business a cookie cutter, like a McDonalds franchise. Document your practice principles so another person can duplicate them in any locale or state. Gerber reasons that when all of your systems are on a computer anyone could step in, if they had skills and talents, and do the things needed on a daily basis. He suggested setting up an organization chart. Not necessarily reflective of the people that you have but of the jobs and/or responsibilities. So I did that after I read the book and it was interesting to see how it came out.

Organization Chart

Let's look at an organizational chart for a typical agent. Notice at the top of the structure is the agent. The agent is the igniter who makes things happen. Then there are the three basic support positions to help with the sales of the any product – underwriting, service, and illustration support. Sometimes, the case design is outsourced to a field agency or to the brokerage organization. In some organizations, there will be an administrative assistant off to the right. This is obviously an important position, because there has to be clerical support.

Those four key positions are the heart and soul of an insurance agency. Is this what your organization looks like? But is it really the right way to go about it? There are many additional functions which take place daily that transcend these four.

Most agents, to be successful, have to prospect to find new business. But they also have to do business development, public relations and market awareness. They certainly have to pay their bills. And in the sophisticated markets, illustration support is insufficient. There has to be a case design person who figures out how to construct the case.

In other words, it is too limiting to think only of the insurance sales process when you think organization. You also have to think like a businessman. As your organization grows, so should your organization chart. At the outset, it is very likely, as Gerber says, you will occupy all five of those spots yourself or you might have a part time secretary. But as you start to think about your organization, you need to consider who can be your KOP – Key Office Person.

Your KOP

In a healthy organization, everyone is key. But you need someone who will hold the organization together while you are out in the field. Too often the personality of the agent dominates the staff. When the agent is gone, the organization relaxes and perhaps works at a different pace. It is only when the agent returns that the intensity level rises and the urgency returns. Often, when the agent returns from the field, their priorities and demands are incompatible with the rest of the staff. They try to accommodate the agent. The result is chaos. We call this approach, organization terrorism. The agent becomes the organizational terrorist who throws a bomb into the middle of the office and then leaves, expecting everyone to clean up the mess.

Your KOP is the best way to protect your organization. The nature of our business is to deal in the urgent. People want what they want when they want it. Without a KOP, you can inadvertently upset the equilibrium of the organization every time you return to the office. Yet you have to off load your most recent list of priorities and promises. Without a KOP you are forced to either do it yourself or throw it into the middle of the room and let the staff sort out who does what. This is inefficient and unsettling.

What Is Your Value Per Hour?

I cannot overemphasize the importance of properly utilizing staff and giving them free reign to do what has to be done. They need to be given the responsibility, but they also need the accountability. This gives them a sense of value and purpose. If you want to really grow and enjoy the freedom to pursue your potential, learn how to delegate projects off your desk into their hands. I know how hard it is to trust others to do the work. Especially when you have worn all the hats for many years. But if you add up your revenue and divide by 2000 hours (the number of hours you probably are productive in a year), you will see how much your time is really worth. You are likely worth anywhere from $50 to $500 an hour or more. If you produce $200,000, revenue, through your extraordinary efforts, that is $100 for every hour you work (Assume 2000 hours as your benchmark.).

If a good staff person earns $2000 a month – that's $12 an hour. (I used to refer to it as the $5 an hour work, but you can see how much inflation there has been.) I do not want to demean the value of these tasks in any way, but some work is not as functionally costly as sales. People get paid one of two ways – for either for the value of the job or for the value they create – not both. So if the job is only worth $12 and hour – that is all you can pay for it. Creating value means risk. Why? Not every prospect views your value the same. Those who value your creative ideas and efforts will pay for that creative thought by taking action on your suggestions. Those who don't value the creative thought won't pay for it and hence you don't get paid. That is the risk. Over time, based on the law of large numbers, you will create sufficient value if you see enough people.

A salaried or hourly position is much different. The value here is strictly defined by the scope of the work. Even if you bring an incredible skill, creative thought or talent to the position, the throughput is worth only so much. Therefore, a business owner is only willing to pay an employee for doing a specific job according to a defined set of specifications. The result is a pay scale that is specific and measurable (within reason of course.)

I have measured the cost of my organization and it costs me $500 an hour to operate the business. This includes rent, phones, equipment and staff. It also includes expenses I incur to create the business, such as travel, reasonable entertainment and educational meetings. But it does not include me. So when I work, I have to keep in mind that I must earn $500 every hour of the working day. So when I accept an assignment, take on a project, pick up a piece of paper, I am reminded I must be certain that activity is worth $500 an hour. It often isn't but it is still a reminder of what my time is worth.

Of course, tracking the value of every activity versus what it costs is impossible. Reading mail will never be worth $500 an hour, which is why I minimize the amount of time I spend doing it. If I allow myself to get tied up doing $20 an hour work ($40,000 annualize), I am obviously not going to make $500 an hour. We must always think in terms of how we can most efficiently use our time. Ask yourself, "What are your unique abilities?" How much are they worth an hour? How much time do you spend doing what you are uniquely called to do?

This is why I have my two rules. I can't effectively delegate to staff if I am going to hold them accountable for outcomes they can't control. If I tell them their efforts could cause us to lose a client, they will be fearful and not deal effectively with the issues. Clients either want to use our services or not. There is no middle ground. It is my job to win the business the right way. It is the staff's job to satisfy their needs. If someone does not want to do business with us, they are going to use any excuse to get away including abusing or blaming a staff person. Whatever it is, the staff person cannot take responsibility for that. It is my responsibility to maintain the relationship with the client. I truly believe a staff person cannot lose a client except by doing something dysfunctional. If they are abusive, lie, or mislead in some fashion, then of course I have a problem. I tell my staff do your job right and to the best of your ability. If we lose the client, it is not your fault.

The other rule really relates to the first rule. Don't guess. If you don't know the answer, if you are unsure of the answer, don't guess. We set up a system for them to get the answers they don't have. I try to create an environment that says "Look people! Our clients need answers and you are not going to know everything. So tell them you don't know but you will get back to them. People only care about follow up. All we have to do is the best we possibly can. But do not guess at an answer."

Hiring And Compensating Staff

Let's look at this question in more detail. When do you hire staff? The time to hire staff is when you are finding it harder and harder to devote your energy during your core hours to prospecting and business development. Instead you find you are spending this precious time doing $12 an hour tasks.

Your goal needs to be business development … spending 100% of the time seeing clients and prospects. I remember years ago I was frustrated about how little time I spent going after business. So I did a time in motion study. For a period of about 30 days, I wrote down everything I did. It was incredible to see how much time I was wasting. That's when I implemented the mail sorting system. That's when I started buying equipment to handle word processing. That's when I developed templates to systematize my presentations.

Once you make a commitment to hire staff, you have to decide how to compensate them for doing a good job and for remaining with you. But first, where do you get the start up capital to begin your organizational adventure. One option is to borrow from your life insurance cash values. I cannot think of a better way to pay for staff than using the cash values you have built up in your life insurance policy. (You do own cash value life insurance, don't you?) Use the money you have created with your business to fund your business. Otherwise, you may have to leverage your house or fund it from income by reducing your own compensation.

I think your most important hire is your KOP. This person will be in charge of every aspect of your office functions. Look for someone you can count on, who wants your business to be successful. Somebody who looks at your business like their own. Someone who can handle the underwriting, is good with clients and doesn't mind multitasking. They are hard to find and may not have much insurance experience when you hire them. So it is important to look for qualities rather than skills.

When it comes to compensation, be careful to avoid the trap of giving consistent raises. If not, you could price yourself out of business. It is much better to set your salaries at a reasonable level and then share your income with your team if you have a great quarter or year.

How Much To Pay

Base your starting wage on what they were earning when you hired them. People don't want to work for less. There is nothing wrong with hiring someone who is inexperienced for this important role. But hire them on a probationary basis, perhaps at a lower salary with an agreement to raise their salary to their "asking price" after three months if they work out.

The key to this is the quarterly bonus based on company profitability. This is why you need to know your costs and profit. You should have a P&L run every month.

The first level is your break even. There is no bonus unless your income exceeds your break even. Since I want to focus on new revenue, we set the first level at the amount of new business that needs to be paid for during the quarter. When I calculate the break even, I include the rent, phones, equipment leases … all your overhead. I also think you need to put in a basic amount for your compensation. Consider it your base salary.

Once you exceed that level, it is bonus time. So each quarter, see if you met the benchmark. Let's say you set your benchmark at $150,000 of revenue. Everything above that amount triggers a bonus. If $150,000 of quarterly new paid commission is the first level, everyone would receive a 10% bonus based on their quarterly base salary. Let's say the next level is $250,000. If the revenue for the quarter exceeds this milestone, the bonus would increase from 10% to 25%. As the income grows the bonus grows.

Under this method, it is possible your staff could get

100% of their quarterly compensation. This way you control your obligation and you can leave some of your profit in the company to grow the business. If you don't tie the bonuses to a benchmark and limit the payment to their quarterly income, you could find that you are distributing way too much of your "profit" in a given quarter, compared to your coming obligations and budgeted expenses.

So start thinking like a business person. Start setting up systems, hire staff, develop compensation plans that are incentive driven but have limits, have an organizational chart and realize you are running a business not a non-profit entity.

Repeatable Systems

Once you have your staff in place, the key to productivity is to build effective systems the right way. Effectiveness is doing the right things right. There is no better way to do the right things right than to have clear standards and processes for your team.

Early in my career, I met a very successful tax attorney. We decided we would try to work together. Fortunately, I developed a prospect very quickly and brought him to Ben to do his wills and trusts. Ben interviewed the client, who needed new estate planning documents. He took out his tablet and as he asked questions I noticed he was taking notes in what looked like a shorthand. But instead of the typical squiggles, he was using a code.

His notes read " A2 B3 C4 D8 E11 F22" and so on. When the clients left, I asked Ben about the "shorthand." He pulled out this thick three ring binder. It was a composite of his entire estate planning documents. In the A section was the first part of the will. He said, "An A2 is the guardian and the B3 is who retains custody." He showed me how he had created a template for every conceivable issue he needed to address when writing a document. He had systematized a will by setting up code for all of the drafting he needed done. He would then hand the code to his word processor and "bingo" a completed document would be on his desk to review within hours. This was back in 1977 when we did not have computer systems. This was a magnetic card word processor. But he had programmed it to do word processing quickly, using this code. He could literally pump out a will and a trust in minutes because he had set up repeatable systems.

About that same time I had discovered Curt Ford's book How to Establish An Estate Planning Practice. He had done basically the same thing with an estate planning report. I bought one of those huge word processors. I cannot recall who manufactured it, but it had two floppy disks and a big CRT. I combined Curt's ideas with what Ben was doing to create my own report. I added charts and graphs I had learned from the Million Dollar Round Table (MDRT). Within a short time, I had a nice 35- page estate planning report that was repeatable. All I had to do was find the right prospects.

The very next case I developed, I applied to the system. I took a complete fact finder and gave it to my staff. They input the data into my new system. I got a printout which was complete and looked very professional. This report saved me many hours of drafting and planning. So what we have done through the years is set up additional systems for various ideas we use regularly. I have a deferred compensation report, a supplemental income report, we have financial planning formats and so on. All I have to do is collect the data, plug in the variables and out comes a report I can edit and change if I have to customize it.

Think Like Your Client

Successful businesses have repeatable process. Think like one of your best clients. Think manufacturing and how you need a production line to produce product out the end of the pipeline. The difference between establishing a systemized report process and having a factory that stamps out automobiles or widgets, is obvious. But the two operate successfully on the same principle.

Think like a business person. Have an organizational chart describing your important functions. Have a compensation plan to reward top performance. Identify your key people. Train them and make sure they know their role and their limits. This is your Magic Box. The Magic Box is your back room that kicks out your reports and handles the processing of new business. All you have to do is feed in the "paper." My job is to identify prospects who fit my profile then use my filters to protect my Box. If they pass the test, then I feed the client information into the Magic Box and hope income comes out the other side. My job is to make sure I put in a good prospect who fits my criteria and passes successfully through the filter. The staff is responsible for giving me something to sell.

The Guide To Productivity

Several years ago, I was on an MDRT committee that decided to study the productivity of agents. I participated in the writing of the report. It was called The MDRT Productivity Guide. We looked at the QQLB, which is Quality, Quantity, Leverage, and Bottom-Line.

Quantity was all of the things that people did in terms of opening cases, closing cases, fact finding, design, prospecting, and those types of things.

Quality was all the repeat business that came from their activity. It included activities which would add to the agent's overall ability to produce at higher levels. Good business people know their business ratios. They know what it costs to make a widget, bring the product to market and to ship. Do you know what it costs to run your business?

We looked at various ratios. Prospects to openings, telephone calls to appointments, success rate with referrals, sales from seminars, how effective was observation prospecting. We looked at the ratio of openings to fact finders, fact finders to cases and the number of cases sold. These are all ratios that showed how effective an agent was. It also gave us measures of the true cost of doing business and the return on investment.

Most industry experts have adopted the Al Granum One Card System. Al's analysis determined that for agents to be successful, they need to work a 30/10/3/1 ratio. If you find 30 prospective clients, on average you will have 10 openings. From those 10 openings, you should get 3 closes and make one sale. I don't know what you think about that as a ratio, but it sounds very inefficient to me.

I think it should be, and according to Round Table's statistics, it is 15/10/8/7. Let's talk about your Magic Box. If you are seeing 30 new prospects to get 10 openings, that is a lot of fallout. Why not be more selective in your criteria and hone in on your real prospects. Calling random people is hard work.

You need to be approaching top prospects to improve the number of opening cases. Because opening a case leads to sales. To get an opening interview, and then convert it to a factfinder requires skill. But if you are working with the right prospects, then it is worth developing that talent, because each prospect has a high potential of becoming a factfinder for you. You do not want to be taking factfinders and putting them into your Magic Box, only to find you get nothing from it. By applying your criteria to your opening cases, you enhance the probability of making a sale. It never hurts to be more selective on the prospecting side.

If you are cold calling, you ought to have a 5-8% success ratio. So a hundred dialings produces 20 contacts, which produces five to eight actual appointments. If you are looking at referrals, 100 referrals should give you 70 contacts and you should get 20 good appointments out of that. You may see more people, but you should get 20 good leads. If I get two good leads from a seminar, I feel successful. Each of those leads cost me $2,500 on average. So you better feel like you will get at least that much revenue from the sales to justify continuing the seminars. If you are good at observation prospecting, you could get 80% - 90% of the people you meet through observation into your system. From there, you should expect to get 80% as factfinders. This is why it is important to have a strong criteria. Don't be talking to people you really don't want as clients. If you have an effective criteria, eight openings should lead to seven fact finders, which should lead to on average to seven sales.

This is why I call my system "low risk" selling. I want to eliminate reasons my prospects might give to not work with me.

My 2-A-Days

In chapter two I mention my system of doing 2-a-days. I wanted to get two new people into my system every day and I want those people to know exactly what I was calling about and why I was going to see them. This was my criteria. If they were going to blow me off – I wanted them to do it on the phone. What would happen if you adopted a 2-a-day philosophy? Think how many leads you would have after just a month. You would call until you got two prospects who would agree to discuss their life insurance program with you. If they deferred making an appointment, it is important to make certain they are not just getting rid of you.

In this system, a deferral is as good as an appointment. As they accumulate, you are going to get enough people into your system to help you have 2 to 3 good appointments a day. I found I generally sold 10% of my monthly inventory. I keep a rolling list of people who said they would see me. When I went back and looked at the records, I generally sold 10% of the list. In addition, I sold new people I discovered during my prospecting.

So if you need to sell $10k of commissions a month, then you need to have $100,000 of potential business in your inventory. So what type of inventory do you need to build to create $100,000 of potential business? Let's assume your average size case is $5,000, then you need 20 good prospects in your inventory. If your average is $2,000, then you need 50 good prospects. But whatever you have got in your inventory, 10% of it will probably materialize into business during the month.

MDRT Sales Success

According to the MDRT statistics, 85% of all factfinders resulted in closes and 95% of those closes resulted in revenue. The average revenue per sale for MDRT members was $1,600 for a life case. Their average number of sales was 50 cases. Now this was several years ago, so I would expect those numbers have increased. But I doubt if the ratios have changed.

The average first year commissions for MDRT members was about $80,000 back then. So if you want to increase your case size, how can you do that? It is simple logic – right? You either find better prospects who can write bigger checks or you must increase the number of cases you write. The truth is, it will probably be a combination of both. So to increase your results, you have to find more criteria qualified people to put them into your system.

Husband Your Resources

I find that Pareto's Rule applies to our business. You will get 80% of your revenue from 20% of your lead sources. So think lead sources. Where do you get your leads? Existing clients, personal contacts, referrals, seminars, newsletters, direct mail, professional advisors? Those are all places to get leads. What we found in our MDRT study is most agents spend most of their time reselling their clients. As a result, they spend very little time finding new prospects for their inventory.

What we need to do is focus on the top 20% of our clients and then concentrate on filling the barrel with a new 80%. As you add the new 80%, you will likely develop a new top 20%. The BIG question becomes, what do you do with those names you cast aside? Aren't they a great source for a successor agent? As a mentor, you could use those leads to help your underling develop. Obviously, you can either continue to service them yourself or you could build a joint work relationship with another agent.

Splitting The Work And Agent Relationships

This brings us to the subject of joint work. Please understand, I am not putting this into the book because I am looking for joint work with you or any of the readers. My purpose is to get you thinking about joint work in a different way. I believe joint work is the best and fastest way to grow to higher levels of production.

It is important to realize there are two reasons to do joint work. In most cases, joint work occurs when an agent has a case they control but have no idea how to make a sale happen. The other scenario occurs when agents realize they have different talents and they are stronger as a two-person team than they are as one.

Some agents are technicians, while some are very relationship oriented. If you are not a very good technician, then you need a good technician because big sales demand it. Many technicians are not very relationship driven. They are friendly and social but not real good at prospecting. These technical agents need someone who is willing to take risks and find high net worth prospects who would benefit from their knowledge and ideas.

I realized early in my career that I was going to be limited in my growth and income by the number of people I could find and see. One factor I identified early is that while I liked people and considered myself to be highly relational, I couldn't develop those relationships if I was going to continue to grow. I needed some way to maintain the relationships after they became clients.

I didn't want them asking, "Where did he go? He was my best friend for three months, he called me regularly, he talked to me often … and now, poof, he is gone. What did I do? What did I say?"

I hated the thought that clients might feel this way. So working with other agents who would maintain the relationship was a great way to solve the problem. It took the burden off me so I could concentrate on what I do best, which is case design, presentation, strategizing, and working with the attorneys and accountants. So you must decide which role fits you best.

I would strongly suggest you stay away from partnerships. Partnerships are doomed to failure in the financial services model. I could do a book just on this subject. But here is the essence of it. Everybody should get paid what they are worth. The idea of getting paid for being in a partnership will do nothing but cause friction in the end. There is nothing wrong with working many cases together. There is nothing wrong with having a long- term commitment, but do it on a case by case basis. I have several joint work relationships. But none of them are partnerships. They are free to go and do whatever they want. We get paid on a case based on what we bring to the table. There may be cases where a 50/50 split on everything makes sense. But I have seen very few of these endure. More important, I don't think 50/50 is the right split on most cases.

How To Split Commissions

We have seen there are seven critical steps in the sales process – prospecting, opening, fact finding, case design, presentation, close, and continuing service. (See *Appendix 7* page 249) Which of these steps are inexplicably tied together? Group these steps according to functionality. I would combine prospecting with openings. Then I would combine the factfinder, case design and presentation. The close stands alone as does service. This is really then, four boxes – Finding the client, moving the client through the pipeline, closing the case and servicing it.

If we assume total revenue on the case equals 100% - how should you divide it up among the boxes? If we just use a simplistic approach, you could attribute 25% to each box. Another approach would be to allocate the 100% among all seven services.

If somebody can prospect the case but cannot open it, then you have to split the 25% among the prospect and the opening. If I am going to do the factfinder, design and presentation, then my firm should get 25% for completing this phase of the case. But of course, the joint agent will want to get paid for being part of the meetings. If I close the case, then should I get 25% for completing the transaction? If we split servicing the sale, then we could split the 25%. So you could make a logical argument for any number of splits – 50/50; 60/40; 70/30; 85/15 split or a 90/10 split. It would all depend on who does what and who is skilled to do what.

Yet how many agents believe the prospect is the key to the entire sales relationship and the name is worth 50% of the revenue?

There is no doubt the name is worth something. Nothing happens without a prospect. In a lot of cases, the agent's relationship with the prospect is very strong. In that case, the value is significantly higher than if it is a name from a phone book. A strong relationship is worth a significant percentage of the sale. Ask yourself this question, if the relationship with this prospect is that strong, then why do they need to bring in another agent? Why don't they just close the case themselves?

The answer is self-evident. If it is not that strong but they do not possess the technical skills, then they need to be willing to give up a significant piece of the case. Why? Because there is no case without the technical presentation and ideas to create the sale. So there has to be a balance … a balance between the value of the prospect and the value of the knowledge.

What is often overlooked in all of this is the overhead required to make a case happen. Organizations are rarely utilized to their maximum capacity. So it requires capital to maintain the team while the organization waits for the next assignment. I call this Standing Costs. My staff wants to get paid every two weeks regardless of cash flow. No matter how much they like me or buy into my vision, they expect a regular pay check, and if it is late or there is something wrong with it, they are not happy. I have to cover these costs with either income from cases I work, or from a line of credit when cash flow drops during the slow times. But this is what risk is all about and it is the price tag for having an organization.

What Does Overhead Cost?

Referring back to this MDRT study, on average, 35-40% of total revenue goes to overhead for agents who have any type of an organization. So let's say 40% is my overhead factor. If I subtract this from my share of a case, and let's just say I agree to receive 50% or the total commission as my share, then I am left with a 10% profit. (Example - $100,000 commission. $50,000 is our share. And 40% of the case is my overhead. That leaves $10,000 as my profit.) How much did the joint agent get for bringing the prospect to the table? They received $50,000, 50% of the case. The joint agent receives 50% of the case which translates to 100% profit. Why? Because they do not have overhead. Is that fair? The only solution is to share the overhead. You have to agree upon a joint overhead factor and subtract that from the total revenue. Then you can split the remainder any way you think is fair.

So rather than quibbling over percentages in each of the 4 boxes, I suggest subtracting 40% from the revenue to cover overhead on that case. That leaves 60% of the revenue to split. If we share that 50/50, the agent receives 30% and the agent with the organization receives 50% of the profit plus the overhead factor of 40%. So in this example of $100,000 of revenue, my firm would receive $30,000 from the 50/50 share of the profit and $40,000 to pay for the overhead. I get 70% and the joint agent would get 30%.

How you split the profit is entirely up to you. But it needs to be negotiated up front. I believe it is unfair to have the joint agent with the organization pay 100% of the overhead out of his profit and the other agent gets his share without any overhead burden.

The Role Of Each Agent

So one agent makes the introduction and manages the relationship. The other agent brings the ideas and works with the professionals to close the case. The key in joint work is learning to sublimate the ego. If I am the relationship agent and I do not have the technical expertise, I am bringing this other agent to the case to make the sale. If I stay at the forefront of the relationship during the sales process, I am going to confuse the client. The client is going to wonder why I even brought this technician into the equation in the first place? If I am bringing this person in to be the expert, I need defer to his expertise and build him up to the client. We call this "the walk on water talk." You need to make the client feel very fortunate to have this person working on their case. I can say things about this technician that he cannot say about himself. I can cite his credentials, build him up, where if he tries to do it himself, it would show a lack of humility. It would make him seem egotistical and would probably blow the deal.

So it is very important the introducing agent make it clear why he is bringing in the other agent. There is no room here for ego. You need to make the client understand the value you are bringing and that you are doing it for them.

If you are successful, there should be referrals. How do you split these? First you need to determine the quality of the referrals. If they are good referrals, (across or up) then you need to work them on the same basis. But if they are downward referrals, to executives within the organization, let the relationship agent handle those on a different type of split. You might want to reverse your original split. Let the relationship agent have 70% and the technical agent 30%. This way the technical agent is getting revenue from the referrals, but not having to spend time making the sales. He does not have to invest his resources and time in these referrals and the relationship agent gets some additional revenue and work to compensate for having split the case disproportionately.

Breaking Off The Relationship With The Technical Agent

Inevitably, joint relationships go their own way. How do you deal with the clients when the agent's joint relationship has dissolved? In most cases, the larger clients will want to maintain a relationship with the technical agent. This is especially true if there is ongoing planning. I think you have to continue those cases on the same basis. With the smaller cases, the ongoing relationship should follow the relationship agent.

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The Four Axioms of Sales

Well, we are nearing the end of Market Tune-up. We have covered a lot of ground together in this book. But I think I can summarize what I have presented like this:

1. People buy to relieve pain.
2. People buy from people they trust.
3. People only buy what they understand.
4. People do what they want to do when they want to do it.

People Buy To Relieve Pain

Every gain is a pain in this context. Remember, people will always do what is in their best interest. They only act to benefit themselves or their family. So find out where their pain is. By using a process which highlights your desire to help them be more at peace in their life, you will effectively eliminate all objections and align your thinking with their thinking. When they feel heard, they will be more cooperative. This leads to the next axiom.

People Buy From People They Trust

Wouldn't you? This should not be a surprise to anyone – especially after reading this book. But the question is how do you develop trust? The secret here is to have a full understanding of your impact on your client. Trust can be transferred from one person to another. This is the secret to reverse referrals – finding the people, people trust. But once trust is breached, it can virtually never be restored. So you have to be very mindful of your trust quotient. Trust is an equation. It is the clients perception of your competence, your reputation and your ability to communicate proposed concepts. But it is negatively affected by the client's perception of your own self interest. So if they think you are only in this for the money, it will completely negate any good you have created with your planning and design.

Always ask yourself – "Am I objective and independent in these recommendations and dealings?" If so, you will probably be perceived favorably. If not, you run a real risk of being an untrusted ex-advisor.

People Only Buy What They Understand

This too is self evident. We are asking people to make monumental decisions in some cases. We are moving them way out of their comfort zone. So we have to be sensitive to their need to understand and feel confident they are making a good decision. This is best accomplished with the assistance of their trusted advisors. Share this responsibility with the team of advisors. How can you expect people to write seven figure checks unless they understand what they are doing?

People Do What They Want To Do When They Want To Do It

I have written extensively on this subject in *Why People Buy*. Suffice to say, large cases only happen when all of the factors discussed in this book are resolved and are in alignment. If you have determined their pain and they trust you and your solutions – the final hurdle is action. The "when" is a function of confidence. And confidence comes through the first three axioms.

The Power Of The Truth

An axiom is a self-evident truth. These four truths are applicable to virtually any and every case I have ever worked on. An effective sales process will help the prospect cope with these four axioms. The process adds to your credability. By being able to effectively communicate your process, by being disciplined in your fact finder and case design, you develop trust and confidence in your client. When that happens, they will buy. When people feel confident, they will make decisions about their concerns. But they won't do this until they understand the ramifications of their decision.

Our role should always be, first and foremost, to manage this process effectively, so the prospect can feel dignified and in control. Our success doing this will dictate our results.

I hope this book has been helpful. Obviously, I am still evolving. I tinker and make changes I think will make us more effective. I like to communicate these ideas to help others be more productive.

I am less concerned with strategies than I am process. But don't get me wrong, I love strategies. I truly believe if you have a process and are faithful to maintain it, you will achieve extraordinary success. It is my hope this book will help you further develop your business mindset and you can take what I have learned to new heights. This will happen if you devote yourself to process. All of the books and tapes I have created are devoted to process. I would suggest you look at them and use them in your development. Agents who have used them effectively have told me they helped immeasurably in their efforts to attain extraordinary results.

It is my hope these resources will help you achieve your objectives. Many blessings.

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Appendix

Appendix 1, "Asking For The Hard Facts"

Mr. Robert Smith
1234 Main Street
Toontown, USA

Dear Bob:

Thank you Bob for your speedy approval of our list of long term objectives. I have made the corrections you wanted and will forward a final copy for your records. This is the agenda I am going to use with John and Sam when I meet them next week.

As I mentioned, now comes the hard part. We have to pick up all of your documents and financial information so we can start our planning analysis. I would suggest Ralph in my office connect with Joe, your CFO to make this happen. This will make it a lot easier on you. As for your personal financials, let me know if you want our forms or if you have them already on computer.

Here is what I need:

1. Your current wills, trust documents, any gift tax returns and copies of your life insurance policies. Also if you have an anniversary statement for them, it would be good to see those. I think you said you have a living trust. Please give me a schedule of the assets you have transferred into it.

Continued on next page

Appendix 1, "Asking For The Hard Facts" (Continued)

2. I need a copy of your buy-sell agreement, if you can find it. Do you have any insurance funding for it? If so, I would like to see those policies as well. If you have an employment agreement, please include that. And we may as well look at your corporate minutes while we are at it.

3. You mentioned you had a deferred compensation plan. I need to see the documents for that plan and if you still have that split dollar program we should review it too. What other benefits do you receive from the company? Maybe there is a list somewhere?

4. I need to see your last three years tax returns. This will help me assess any income tax planning ideas we have for you.

5. Need your personal and corporate financial statements.

6. Statements from all of your investment accounts.

7. Also, if you have any partnerships, it would be good to see those plus any agreements related to the sale or disposition of assets.

Bob, I know this is painful. But I can't do my job unless I get everything. We want to make this as easy on you as possible. So give me a call and I can have Ralph run the project for us.

Let me know if you have any questions or if any of these items cause you any problems. I'll touch base next week to see when I can start picking up the information.

Warm Regards,

"Appendix 2, "Basic Goals And Objectives"

Mr. Robert Smith
1234 Main Street
Toontown, USA

Dear Bob:

I just wanted to thank you and Delores for spending so much time with me reviewing your planning objectives. I feel like I have a great understanding of what you want to accomplish and how you think it should be achieved. I wanted to recap what I think you said and make certain I captured your thoughts. This will be the basis for moving forward.

1. You are concerned about the long term ownership succession of the company and you want to create a plan that will assure the continuation of the business if something happens to you or Mike.

2. You have three key employees who you think can take over and run the business but they have no money. So you want to explore alternative ways to finance their purchase of the business in the ensuing years.

3. You would like to review the estate planning costs associated with your estate plan and see if there are ways to reduce or eliminate these taxes. In addition, you are interested in a philanthropy plan that you and Delores can use to train your children in giving.

4. Your two children (Michael and Betty) have no interest in the business at this time but you want to have the flexibility to change your mind about selling if they ultimately show interest.

Continued on next page

Appendix 2 "Basic Goals And Objectives" (Continued)

5. You want to make certain Delores has financial security, even worst case and you want to examine your "income for life" plan to make sure her welfare is not in jeopardy under any scenario.

6. You want to review your estate planning documents to determine whether they need rewriting or amending.

7. You want to evaluate your income tax strategies and see if there are more efficient ways to set aside funds for retirement.

Bob, please review these objectives and let me know if you think I overstated any of them. Please help me clarify them so we can finalize the "architectural plan" we are going to use to construct your financial mansion.

I will have my assistant call you next week to see if we can get together for a half an hour to go over any changes. Once I finalize your objectives, we can move forward on the planning. I will need to connect with John and Sam on this. So please tell them to expect my call.

If there is anything else – let me know. Thank you again for allowing me to help you with this planning. I am looking forward to what we are going to do together.

Warm Regards.

Appendix 3, "The Confirming Letter"

Mr. Robert Smith
1234 Main Street
Toontown, USA

Dear Bob:

Thank you for the opportunity to work with you and Delores on your legacy plan. You asked me to detail the time line we agreed to for our engagement.

I have recently completed a review of your estate planning documents and financials. Both your CPA and Attorney are in agreement that we need to rewrite your existing documents to conform with current laws. If you still want to move forward with this planning, we should schedule a meeting with your advisors as soon as possible.

Here is how I see this project being completed:

Next Week – You and Delores meet with John and Sam to review their recommendations for your new documents.

Week 2 – Meet with your partner Mike and discuss the value of a buy-sell agreement and discuss how you are going to fund a buyout from cash flow.

Week 3 – You and Delores will meet with John and execute the documents.

Week 4 – We need to review your financing options for the estate taxes. Also – let's look at the gifts you want to make before year end to Mike and Betty.

Week 5 - Finalize the financing options

This time line might be too aggressive for you Bob, and if so, let me know. I just wanted to remind you of your stated desire to get your gifting done to the kids by year end. If we can accomplish all of these steps – you will meet your objective. Call me if you have any questions.

Warm Regards,

Appendix 4, "Five Ways To Finance Estate Tax"

Financing Option	Death Currently		Estimated Economic Cost
Traditional Financing	Description:	Borrower must qualify based on their ability to repay. Financial institutions consider financing cash flows, quality of the asset and credit worthiness of the borrower before making the loan.	$1,546,182
	Considerations:	*Principal is repaid with after-tax dollars. Check to see if the interest is deductible from earned income.*	
Government Financing	Description:	IRS provides a financing option for qualifying estates. The interest on the tax attributed to the first $1,000,000 of the estate is lower than that attributed to the balance of the entire estate. The Government requires the loan to be fully amortized over a 15 year timeframe.	$1,164,299
	Considerations:	*The IRS becomes a "partner" of the company and can exercise influence over important business decisions to protect their position. The principal reductions are paid with after-tax income but the interest is deductible.*	
Family Financing	Description:	The family must internally finance the tax through liquidation of assets. Cash for this method may be available through liquid accounts or may require the sale of heirlooms (priceless assets) to derive the amount required to pay the tax.	$1,150,000
	Considerations:	*Market timing and cost of liquidation are primary considerations. Often the cost of liquidation can approach 6-10% of the fair market value. There will be income tax considerations for the other parties in the sale. Future appreciation and income is not longer available once the asset has been sold and the taxes paid.*	
Tax Deductible Financing	Description:	The estate holder elects to endow a charity of choice, thereby creating a tax deduction to offset current and future income taxes. The income tax savings are invested in a liquid account and reserved for future taxes owed.	$0
	Considerations:	*Assets are irrevocably given to charity and are lost to the estate and therefore taxed in the estate at death. The gift not only creates tax deduction, but in some cases, the charity will pay a lifetime income to the donor and specified beneficiaries.*	
Discounted Bond Financing	Description:	Estate holder makes an investment in "income tax and estate tax free" bonds which represent a significant discount from par value (70-95%). The initial investment can be a lump sum or made in periodic payments over a specified period of time.	$72,183
	Considerations:	*Investments are characterized as gifts or interest-free loans from a corporation, if possible. All appreciation escapes tax at death. Proceeds from the liquidation of the bonds are not includible in the estate.*	

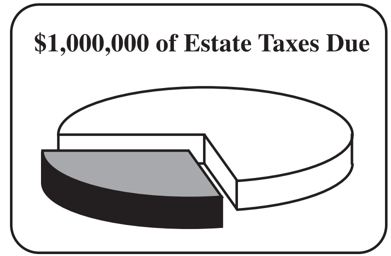
Appendix 5, "Alternative Estate Planning Matrix"

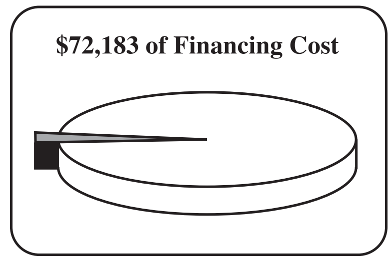
Estate Planning Alternatives For Married Couples

Cost of Financing Estate Taxes

Total Estate:	**$3,563,258**
Estate Tax Due:	**$1,000,000**

Financing Method	*Total PV Cost*	*Finance Charge for $1 of Tax*
Traditional	$1,546,182	$1.546
Government	$1,164, 299	$1.164
Family	$1,150,000	$1.150
Sinking Fund	$1,298,957	$1.299
Discounted Bond	$72,183	$0.072





Appendix 6, "Planning Your Day"

Typical Day

DAILY CALENDAR	
6:30-8 a.m. *Review files* *List new calls* *Send e-mails*	**Defensive Time**
8-12 p.m. *Return phone calls* *Appointments* *Prospecting* *Presentations*	**Offensive Time**
1-5 p.m. *Appointments* *Prospecting* *Presentations*	**Offensive Time**
5-7 p.m. *Case preparation* *Problem solving* *Return e-mails*	**Defensive Time**

Seven Services Of Joint Work

	Splits	
1. Prospect 2. Opening	25%	______
3. Fact Finder 4. Case Design 5. Presentation	25%	______
6. Close	25%	______
7. Service	25%	______
Total	**100%**	**100%**