



Advocis 

PFA Study Group

CHAPTER PROGRAM
PRACTICE DEVELOPMENT SERIES

Module 3
Prospecting

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Module 3: Prospecting

Learning Objectives

Prospecting for clients is an important part of building a successful financial advisory practice. Whether at the start of your career or as your business matures, prospecting forms a central and continuous part of the Client Relationship Cycle (Initiation). You can learn more about the Client Relationship Cycle in the Resource section of the learning environment and later in this module. Module 3 will familiarize you with all aspects of prospecting. Upon completion of this Module and the accompanying Practice Development Activities, you will be able to:

- **Draw a distinction** between networking and prospecting
- **Continue to develop your business plan** and deepen your discovery of your target market and ideal client type
- **Identify the needs and issues of your ideal client type** and create communications that target them effectively
- **Determine where best to prospect** according to your ideal client type
- **Understand the importance** of cultivating a Centre of Influence (COI) network
- **Identify potential members of your COI network** that align with your business plan and approach
- **Understand how prospecting fits** into the Client Relationship Cycle

Networking vs. Prospecting

Many people use the terms networking and prospecting interchangeably, but they do not mean the same thing. Networking is part of your marketing strategy and includes building a community of people that you know, trust and believe you can help. Often, networks are based on mutual benefit and you are likely to share commonality with the people in your network.

Prospecting is a key part of your business growth strategy. As a financial advisor, this includes identifying individuals with a financial need and convincing them to trust you to solve their need. There are two distinct parts to prospecting:

- 1) identifying your target market
- 2) creating a tailored marketing plan to attract those individuals

Finding Prospective Clients

A financial advisor's top priority is serving clients. However, finding new clients remains equally important. An advisor who is effective at prospecting can create the foundation for a successful and profitable business.

Prospecting, however, isn't limited to newer advisors – it is a continuous activity of identifying and communicating with future clients.

Continuous prospecting is a reality

No matter how valuable the guidance you offer clients, there will be few prospective clients who come to you directly. This is especially true when you are first building your practice. Since prospective clients are unlikely to seek you out in the early years of your career, it means you must continuously prospect for future business.

Poor prospecting habits are the single biggest cause of failure in building a financial advisory business. That is why it is important to develop the effective habits early. Effective prospecting habits mean that you maintain a constant flow of quality names to connect with – whether in person, over the phone, or via email and other digital means, such as social media platforms or website subscriptions. Prospecting is an essential activity that keeps you in business.

Keys to effective prospecting

The key to effective prospecting is understanding who your prospective clients are and where to find them.

A prospective client is someone who can benefit from the advice, products and services you offer. Everyone's financial needs are different. As part of prospecting, you will identify an ideal target client and target market. As you will learn, 'narrowing the playing field' and using a targeted approach can help you gain clients that align with your strengths and ability to help them attain their financial goals. Financial advisors must take the time to understand those needs and how they can help address them with their advice, financial solutions and products.

You can find prospective clients from various sources:

- Personal observation – people you meet and see every day
- Referrals from existing clients
- Friends, relatives, acquaintances
- Neighbours and parents
- Professional networks and centers of influence (doctors, dentists, accountants, lawyers)
- Social interactions – parties, kids' activities, cottage association meetings, clubs etc.
- Social media platforms
- Volunteering –if a cause you're passionate about aligns with your target client, there could be a good values and business alignment
- Vendors – plumbers, electricians, car salespeople, caterers
- People who share hobbies and interests

Defining the Ideal Target Client

As you develop your business, you may find that you are attracting a certain type of client or solving a certain client need. What is happening is that you are beginning to define your ideal target client. An ideal target client is one that a financial advisor has the most success attracting and working with.

► **Activity 3.1 Identifying the Ideal Target Client Market (parts A, B, and C) will help you determine your ideal target client.**

If you don't know who your ideal target client might be, a good place to start is by reviewing your value proposition. The value proposition or elevator speech you have developed to date can provide helpful insight into your ideal client market. Why? By going through the exercise of developing your value proposition and elevator speech, you have already narrowed a target market or area of focus. This is a good time to review whether your

value proposition and elevator speech still hold true, or if they need to be updated. Of course, it's a two-way street. As you define your target client market, your value proposition and elevator speech will be refined in turn. (Please refer to *Practice Development Module 2, Marketing* for more information on developing a value proposition and elevator speech.)

Your Target Market

Another way to identify an ideal target client is to identify your target market. A target market is one in which you are a subject matter expert. For instance, what experiences and skills do you bring from an earlier career to your new career as a financial advisor?

TIP

Clients prefer to work with a financial advisor who understands them and can relate to their personal situation. Think of your “target market”, as your personal competitive edge.

Look at your personal situation. Have you been divorced? Are you a single parent? Are you a young professional? Do you come from a family of farmers, anglers or small business owners? Any of these groups can be your ideal client market.

Individuals with the same or similar background or experiences may have the same issues, needs and concerns as you do. As a result, you will have insight into what is important to them and what will motivate them. You may be familiar with their pension plan, career cycle, earnings potential, financial concerns and goals and their family values. Use your personal story and the values you may share with prospective clients. Clients prefer to work with a financial advisor who understands them and can relate to

their personal situation. Think of your “target market”, as your personal competitive edge.

Once you identify your ideal target client group(s), the goal is that you will better know where to find your ideal prospective clients.

It is common for financial advisors to have primary and secondary target markets; however, as a newer advisor try to keep your efforts focused and concentrate on the target client that is the best match for you and your services. The risk associated with building your business with too many different client types is there is little opportunity to focus your message and develop a targeted strategy.

Appropriate Communication

Once you have defined an ideal client market, it is time to communicate with them in a manner that will resonate and generate the most interest.



Example

Consider what message might be appropriate for these two client types:

Phuong is a young professional just starting out in her career

Ted is an established professional who is less than 10 years from retirement

The needs of these two clients will differ (investing and debt management versus preparing to enter retirement), but the way you communicate with them may also be different (online versus face-to-face). You might consider communicating with Phuong using email and social media. On the other hand, you know that Ted prefers face-to-face interaction and you will therefore schedule more in-person client meetings with him.

To communicate effectively, clearly understand your target market(s) and tailor your communications and marketing plan to resonate with that market(s).

Marketing to Your Ideal Client

Once you have identified your ideal target client market, your goal should be to learn as much as you can about it, so your marketing plan can consider all needs and potential issues. You may need to do some research to develop a robust profile of the client market.

► **Activity 3.2 – Client Profile** will help you uncover more details about your ideal client and guide you through the development of a detailed client profile. As you further build your Business Plan, **Activity 3.3 – Where to Find Prospective Clients** will help you create a list of potential sources for finding your ideal client.

Depending on the particular market you are targeting, consider:

1. **Employment data** – Are your ideal clients typically employees or self-employed? Consider employment longevity – for example, professional athletes tend to have short careers and they may move frequently. Self-employed clients tend to work well past age 65.
2. **Pension plans** – How do your ideal clients typically save for retirement? Are they a member of a defined benefit or defined contribution pension plan?
3. **Life stage** – Instead of focusing on age, look at life events. Is your ideal client group approaching retirement, going through a job transition, buying their first home, starting a family?
4. **Education & financial literacy** – Do people in your ideal client group typically possess a high level of financial literacy?
5. **Emotional hook** – What are the main concerns of your ideal client group? Is it caring for the needs of their children, parents or both (e.g., “the sandwich generation”)?
6. **Financial concerns** – Is your ideal client group concerned about saving for the future, investing or saving taxes?
7. **How is the economy impacting their finances?** Is job action possible? What about plant closures or outsourcing?
8. **Nationality, religion or language** – Are certain topics off-limits (i.e., some cultures prefer not to speak about death or estate planning). Is there a language barrier that you can assist with?

9. **Professional associations** – Is there an association or group these individuals belong to? Do they have related newsletters, websites or magazines to which you can contribute so that you are in front of the target client group and building credibility?
10. **Information sources specific to your market** – For example, if you are targeting dentists, you may want to subscribe to their trade magazine to learn about their concerns, attend their annual conference (get a booth or offer to do a presentation), and read everything you can about that market.
11. **Think about how to best communicate** to potential ideal clients in ways that are effective and that utilize your personal skill set. It may be a seminar, a newsletter, or through online channels such as blogs, social media or a wide range of other possibilities.

► **Activity 3.4 – Marketing Approach**, takes you through developing tactics for communicating with and attracting your ideal client market.

Referred Leads

Your contacts and people with whom you conduct business may provide what is known as a “referral” or “referred lead.” It often involves asking people who know, trust and respect you to refer you to people whom you may not know.

► **Activity 3.5 – Referred Lead** provides you with a blank referred lead sales track template and gives you the opportunity to write your own.

Below you will find a sample script that will help you ask your current clients for referrals.

Referred Lead Sales Track	Rationale
<p>Farrah, I want to thank you for conducting business with me. When we first met, you may recall we reviewed your personal and financial situation in detail and based on your goals, uncovered some areas that would have caused financial problems for your family, if you had died or become disabled today.</p>	<p>It's important to use the person's name in a conversation. People like to hear their name (Farrah).</p> <p>Reviewing the sales process helps to remind the client of the significant amount of time and effort that was made in providing a professional, systematic, valued service.</p>
<p>Congratulations on taking the steps to address those problems.</p>	<p>People like to be praised, if it is sincere. Congratulating the client on making the right decision reinforces that the correct decision was made and puts them in a good frame of mind.</p>
<p>Farrah, now that you have had an opportunity to see how I work, how would you evaluate my services?</p>	<p>You want to make certain that the client views you and your services in a favourable light. The client must feel positive before you go on to the next step. Ask for and be open to their feedback. "If there is a concern, let's address it now."</p>
<p>Thank you, Farrah, for your comments. The reason why I asked that question is that I wanted to be certain that you felt good about the work that we have done together.</p>	<p>This is a bridging statement to allow the client to absorb the good work that you have done on her behalf and to reinforce the partnership in working together.</p>

I need to ask for your help on a matter of great importance to me. As you can probably guess, a large part of my job is spent finding people who will meet with me. The kind of people I am looking for are married with children, responsible and have a good solid career ahead of them. People just like you, Farrah.

Most people want to help others, if they can.

Some of the words used i.e., “need” and “great importance” convey seriousness and urgency.

In this step, you want to help your client make the connection between the problem that you’ve assisted them with and others they know who have the same or similar problem and who could use your help.

In describing the kind of people you are looking for, think of your client’s situation, goals and their attributes.

This tells the client that they have a number of positive characteristics and that you are looking for prospective clients just like them.

This step is important, since the referrals that you are apt to receive will likely possess characteristics similar to your referrer.

Earlier, you mentioned that you have a brother, Mansur, who lives near you. Could you tell me a little about him? Would he be someone who might value my services and the work I do helpful in achieving his financial goals? Although you don't know if he might need my services, it may be worthwhile for us to meet.

It's important to ask qualifying questions about referrals to help you determine if there could be a need or interest in your services. If you were to ask the question: "Who do you know that I could talk to about my (financial planning, services that will help the client achieve their goals) services?" at this point, the likely answer would be: "Nobody comes to mind, but I really believe that you did a great job and if anyone is looking for life insurance, I'll certainly recommend you!"

It's important to understand that if you talk about product or price, that's what the client will remember.

	<p>One of the best ways to get referrals is to feed a name or situation that is relevant to what you know about your client / prospective client and focus on the services you provide</p>
<p>Perhaps as you were telling me about Mansur, did the names of other people come to mind?</p>	<p>You don't want to stop at receiving one referral. Continue on and ask if anyone else comes to mind. However, you don't want to exhaust your client, so if they are having trouble recalling names, allow them time to reflect and ask to follow up in a few days. Your client may think of names later on.</p>
<p>Thanks, Farrah. I appreciate your help. I'd like to tell you how I normally contact people who are referred to me. With your introduction and their consent, I'll send them a note by mail, in person or by email depending upon who they are and where they live or work, outlining the type of work that I do. For the people that you know well and feel that you have some influence, I'll mention that I've done some work for you. I want to reassure you that I would not share anything private or confidential. I'll call them about a week later and ask them if they would like to meet with me. Hopefully they will.</p>	<p>At this point, your client may have provided one or more names. You will be describing how and when you will be contacting these people. The referrer will naturally be anxious about you contacting all the people referred, and the description of a professional approach should alleviate some of this concern.</p>

<p>The fact of the matter is, it is your introduction that will be the biggest factor in helping me to meet your referrals. Without that introduction, I'm just a stranger.</p>	<p>You want to emphasize that without an introduction or endorsement of you and your services, the names of those people are simply, names. This fact may also provide insight into the amount of influence the referrer has in the eyes of those referred. If the referrer is reluctant to provide an endorsement, it may be because there is insufficient influence with the referred.</p>
<p>Thank you for sharing names of people you know with me. I appreciate the trust you have in me to do so. Would you know them well enough and have enough confidence in me, to be able to write a short note of introduction to each of them? Thanks, Farrah.</p>	<p>A note from the referrer is a testament to the referees that they trust you and value your services. If your client is unsure of what to write or how to position the introductory note, you may want to offer writing the note for them to forward to the people they have identified. Here is an example of an email note of introduction: I just wanted to let you know that I have worked with (your name) who has really made a difference in helping me with my financial goals. I don't know if you need his services but perhaps you'll find it worthwhile like I did to connect. Please let me know by replying to all. I have copied (your name).</p>

I will let you know what happens when I speak with your referrals. I hope that you are pleased with the way that I have conducted myself and you can be certain that I will treat your referrals in the same way. Thanks again, Farrah.

Reporting back to your referrers about the success of any pre-approach is important. It tells them that you followed through and it provides feedback to you about the amount of influence they have with the referrals they provided. If the results are positive, these are opportunities to ask for additional referrals.

When you report back to your referrer, you will be sharing only that you saw or did not see the person referred. For example, "I wanted to let you know that I met with (name of referral) and that it went well. Thank you for the introduction." In order to ensure privacy, you should not communicate information of any personal nature, including any product purchases.

End with a thank you.

To get started, think about the number and types of people to whom you can be introduced by your existing contacts. Contacts include your friends, neighbours, parents of your children's friends, clients and professional alliances.

Your best marketing tactic is to introduce yourself to new people. The clearer you are when identifying who you want to attract, the more focused your message and marketing tactics will be. That often means better results.

Tailored Marketing Tactics

Your prospecting strategy can be supported and enhanced by employing marketing tactics tailored to your ideal client. It is important to measure the success of these tactics and re-assess them based on how well they are helping you meet prospective clients and acquire new clients as part of a tailored marketing plan.

Marketing is a constantly evolving field and it is critical to have knowledge of marketing concepts as a financial advisor. Marketing skills help you to reach more potential prospective clients that could become clients as you progress through the Client Relationship Cycle.

Some tactics are traditional, such as using direct mail and cold calling. Today, marketing also encompasses email, social media and text messages. Often, you will need to use an 'integrated' approach, or a combination of tactics to achieve your end goal – provided these tactics are aligned with the National Do Not Call List (DNCL) and Canada's Anti-Spam Law (CASL). Please refer to *Compliance & Regulatory Topics for Financial Advisors (Module 1, Marketing & Communications)* for more information on DNCL and CASL.

Marketing tactics can include:

Setting up and maximizing your social media such as LinkedIn and Facebook profiles

Social media can be a powerful prospecting tool, if used appropriately and if aligned with your compliance department policies and/or regulatory requirements. Social media platforms are one of the most rapidly growing community resources today. You will need to assess the viability and professionalism of the platforms you select to market your services and your brand. This section focuses on LinkedIn and Facebook as two platforms that have been used successfully and effectively to broaden outreach and connect with prospective clients.

LinkedIn is one social media platform that can be an effective way to grow your network and build your profile. There are likely to be special interest groups aligned with your ideal client type, giving you an important platform to establish credibility by writing or sharing articles designed to resonate with your target client market. The viral nature of social media is a significant advantage in broadening your reach to other community members, building your profile and potentially generating qualified leads. You can also use specialized tools in the LinkedIn environment, such as LinkedIn Sales Navigator – which has more advanced sales and targeting features that allow you to filter prospective clients by geography and demographic data, for example.

One of the keys to success in social media is to create and share quality content on a regular basis. Of course, quality over quantity should be the standard. Sharing engaging articles, images and videos that represent your business and brand help increase the chance of connecting with your ideal target client market. Social media is a two-way street and it requires your commitment to take the time to frequently engage with members of your network by commenting, sharing and liking their content in turn – especially content that is relevant to your ideal client.

Facebook is another powerful medium for financial advisors to build and communicate with their networks. Facebook is widely used by a number of client types, including Baby Boomers. In addition to posting and sharing content with your network, you can also purchase Facebook ads. Facebook ads are relatively cost efficient; you can readily monitor their performance and potentially gain a steady stream of qualified leads while doing so. Of course, as with any kind of advertising, pairing captivating visuals with compelling and targeted content is key. Once you become more established or if your budget permits, you may wish to consider employing a third-party marketing expert to assist you with your marketing efforts. You need to ensure any advertising you plan to do is aligned with your compliance department policies and/or regulatory requirements. You will learn more about the importance of accuracy in advertising in *Compliance & Regulatory Topics for Financial Advisors (Module 1, Marketing & Communications)*.

Note that for both your LinkedIn and Facebook profiles, you will likely want to set up a business profile that is separate from your personal profile. Be sure to include your business address, hours of operation, website address as well as contact information. You also want to clearly outline the services you offer. This is an excellent place to adapt and showcase a concise version of the value proposition you've been developing. If you are working with a Managing General Agent, mutual fund company or other financial organization, you will want to check your firm's social media policy to ensure that your strategy is compliant.

You'll find more helpful information on communicating with clients and prospective clients in *Compliance & Regulatory Topics for Financial Advisors (Module 1, Marketing & Communications)*.

Engaging in a direct mail campaign – Although not as frequently used as in the past, largely as a result of the impact of electronic, mobile and online communication platforms, a direct mail campaign can be a good strategy to reach prospective clients and can be personalized to your client or prospective client. It will require an investment based on design, production and mailing costs but the advantage of direct mail over email is that it provides a tangible point of contact and, if well executed, can be an effective way to make your practice stand out in an increasingly digital

world. Of course, you can complement and support your direct mail campaigns using coordinating tactics on email and social media.

An effective way to use direct mail is to personalize it and make it relevant to your target client market interests. For example, a simple holiday card, a promotional flyer for a seminar, or an invitation to a community or charitable event. As with any direct marketing piece, it's important to ensure you develop a professional design that reflects your brand and an engaging message that prompts action, such as a free client consultation. You will want to ensure any direct marketing you are considering is aligned with your compliance department policies and/or regulatory requirements.

Engaging in an email campaign – Email marketing campaigns are excellent marketing tools for financial advisors. They are cost-efficient, fast and easy to execute. Importantly, email marketing can provide detailed metrics that give you immediate feedback on whether your message is resonating with prospective clients. Today, you can use popular email automation programs like MailChimp to help you develop, execute and track your email marketing campaigns. As with all marketing, you need to ensure that you create a quality touch point. Clients and prospective clients like to be contacted, but only if you are offering something of value. Just as you would address a client or prospective client in real life, remember to personalize your communications and make them simple and engaging to read. Finally, proofread and ensure you are conveying the level of professionalism you want to reflect in your practice. Not all the emails you send out will be successful, but be sure to create a plan and track your successes. Closely monitor your unsubscribe and open rates and fine-tune your plan accordingly. Remember that your marketing email communications are classified as commercial electronic messages (CEMs) and need to comply with CASL. Please refer to *Compliance & Regulatory Topics for Financial Advisors (Module 1, Marketing & Communications)* for more information on CASL.

Maximizing your web presence – Your website is like a digital version of your office. You want it to reflect your brand and the professionalism and value you can provide to clients. You can use it to build credibility and rapport with your target audience before they ever meet you in person. Be sure to include your biography and a re-statement of your value proposition

in the form of concise and engaging web copy. You might consider including case studies so that your ideal target client will be able to relate to you, your investment philosophy, and the services you're offering. Remember to include a clear call to action and links to your social media to amplify your brand. If you have published papers, write a regular blog, published an e-book, or received testimonials from clients or Centres of Influence (COI), these should be included on your web-site to help build your credibility. Another important feature that your website can offer is a mechanism for prospective clients and clients to subscribe to your newsletter or updates. Be sure you create compelling content and systematically refresh the information so that each touch point is a valuable one and people are less likely to hit "Unsubscribe." If you belong to a larger firm, the infrastructure needed to provide you with a basic profile or web site may already be in place. If you need or choose to build your own site, there are a range of relatively easy-to-use options available to build and host your site, or you can enlist the help of a third-party digital or web firm to get your site up and running. To ensure that your website comes up higher in an internet search, enlist the services of a professional who specializes in search engine optimization.

Hosting a client appreciation event – Clients appreciate being appreciated. Once you've secured clients, you want to be able to retain them. One way to do this may be to host client events. If you're in the prospecting stage, you might consider hosting an event or seminar that demonstrates your insight and expertise. You will want to carefully tailor your topic so that you speak about something of interest to your ideal target client. For example, you might consider hosting a financial literacy seminar for investors or a session featuring tax-efficient strategies where you can invite a member from your Centre of Influence network as a guest speaker.

You can use a combination of these marketing tactics to help attract prospective clients and retain them when they become clients. Once you make a connection with someone, nurture the relationship. These people may become important sources of future leads and referrals.

A note on Customer Relationship Management (CRM) systems and marketing

A CRM system can be the lifeblood of your marketing and sales efforts. It can contain all of your client information and the data you need to link your marketing activities to your sales and prospecting activities. A CRM system can help you segment your prospective client and client database; track who you've contacted; monitor who you need to follow up with; and provide a useful history of all the methods that you have used to contact prospective clients and clients. Did you cold call clients with little success but discovered that they responded well to an email? All of these details can be recorded to help you deliver a more targeted strategy for attracting and maintaining clients. Some CRM systems even have 'marketing automation' functions that can automate and schedule emails and remind you to get in touch with clients and prospective clients. As your business grows, your CRM system can be an important tool to help you maintain a personal touch while servicing a large number of clients.

An important measure for the return on investment (ROI) of your marketing efforts is the prospective client-to-client conversion ratio. Are your efforts helping you to win new clients? If so, which tactic or mix of tactics is the most successful? You will want to repeat winning strategies and be flexible enough to change course if a strategy is not working. Effective marketing requires a significant investment of time, but once you gain some traction it can help you to amplify your message to your ideal target client and grow your network.

Networking Strategies

In addition to prospecting, a newer financial advisor should plan to include networking as part of their business building strategy. Networking is a form of marketing yourself. When you attend a networking event, it's not about trying to sell a product or solution. You are there to establish new relationships, gain new contacts and build your professional profile. Your goal is to build a network of people whom you trust and who trust you in turn.

It is an opportunity to tell people who you are and what business you're in.

As you are often meeting with clients and prospective clients face to face, you can control what you say and how you say it. Your personality can come through as you make a real connection with other people.

Remember, you're trying to decide who you will include in your network and who will potentially include you in theirs.

TIP

Whenever you attend a networking event, it is important to plan what you will say and the number of people to whom you plan to deliver your introduction.

While it might feel more comfortable, it is not a good practice to find who you already know and talk to them the entire time. Networking is an opportune time to get outside your comfort zone. If you see someone you recognize, it is an opportunity to reconnect and ask if they know others, they can introduce you to. Moreover, it is not a contest to see how many people you can give your business card to. It is about quality, not quantity.

What do you say? Networking events involve talking to people, but in a professional environment. The conversation should be 10% social (e.g., general pleasantries such as talking about the weather, sporting events and so on) and 90% business. Remember business development is the primary reason for being at the event.

TIP

Be prepared to ask good questions to learn more about the person you are talking to and be prepared to give good answers to the questions they ask in return. Ask what they do, how they got into their business, and what they really like about it. To tell the person about what you do and the value you can add, this is a good place to use the elevator speech you crafted in *Practice Development Module 2, Marketing*.

At a networking event, it is important to decide how many people and, specifically who, you want to meet. It is not a contest where you give out your business card to as many people as you can and then leave. If you have a ten-minute conversation with four people, that's 40 minutes. Those four people have a better chance of remembering you than 20 people with whom you had a two-minute conversation. After you meet someone, try to jot down a few things about them, either directly on their business card, or in a notebook. You can even use your smartphone, which may look less obvious in such a setting.

TIP

When making notes, don't wait until the end of the evening when there is a greater chance you will forget an important point.

Best Practices for Networking

There are important steps you can take before attending networking events to get the most out of each one. Each time you prepare to attend a networking event, review this list of networking best practices:

Think business meeting – Consider every event you attend as a business commitment, and not a social event.

Dress professionally – When it comes to networking, forget you ever heard the phrase "business casual." Always dress in a polished, professional manner as you would for an important client meeting, regardless of the event's dress code. You tend to attract the look you reflect, so mirror how you want your ideal target clients to dress.

Arrive in good time – Arriving late implies a lack of respect for others, particularly if there are speakers at the event. It also undermines your image as a competent, organized professional.

Get outside your comfort zone – Make sure you circulate and meet a variety of people. Some financial advisors find they tend to spend too much time speaking with one person. To prevent this, set a goal for the number of new people you want to meet. Make sure you speak to a mix of people: those you don't know as well as those who you have met before. If there are tables at the event, try to sit with new people and not your friends or colleagues, unless you want them to introduce you to people, they know.

Listen – Pay close attention to what a person is saying and ask follow-up questions. Be careful not to ask a question and then fail to listen to the response.

Be authentic – Give the person your full attention and be sincere in your conversation. Authenticity matters, and potential business contacts will respond better if you are being yourself rather than trying to be someone you are not. As this is your first impression, make sure it's a positive one.

Make eye contact – Be fully present when speaking with someone. Scan the room to see who else is there and who you will speak to next, but only when you are finished your current conversation.

Establish a connection – Learn something about the person and focus on what you may have in common or find fascinating about them. It will make it easier for them to remember talking with you and can help establish an immediate (and potentially lasting) connection.

Be respectful and polite – Treat everyone you meet as well as you would a potential client. Never be dismissive about someone because you don't consider them a good candidate for new business. Don't underestimate the importance of good manners. A please and thank you go a long way to creating a good first impression.

Engage in quality conversation – Always do your research. Be informed on current affairs and the organization or person who is hosting the event.

Debrief after each event – Evaluate the results of attending the event. What did you do well? What are some areas of improvement? Did you achieve your goal of meeting new people you will potentially work with? Would you attend a similar event in the future? What would you change about your approach?

TIP

Expand your profile beyond your industry association by networking at more general or community events. This is a great way to meet a diverse range of people. Consider groups such as Toastmasters (which will also help improve your public speaking), the local Chamber of Commerce or the Board of Trade.

Ask your peers for recommendations and attend as many events as you can. Try to participate in a cross-section of different networking groups. For example, you might set a goal to participate in three different groups each year. Each one should expose you to a different group of people.

Not all financial advisors are comfortable with networking or introducing themselves to strangers. Not all of us are natural extroverts and feeling at ease with strangers can take years of practice. This is why having a clear value proposition and quick elevator speech will give you confidence to introduce yourself quickly and effectively. Please refer to *Practice Development Module 2, Marketing* for guidance on crafting a value proposition and elevator speech.

It's important to remind yourself that you are a professional who provides a valuable service. You provide your clients and their families with financial security and peace of mind. If you are not convinced of the value you provide, how can you expect others to be?

► **Activity 3.6 – Networking** helps you identify and focus on networking events that would be of value for you to attend.

Developing a Centre of Influence (COI) Network

As financial advisors develop deeper relationships with their clients and their needs, it has become common to build a network of professional alliances and community and business leaders. Members of your centre of influence (COI) network can work together and provide your clients with a broader range of services. They are also individuals who can amplify your credibility and access to prospective clients and ultimately help grow your business. Often, they are fellow professionals, but they can also be key individuals who are influential community leaders within your ideal target markets. These individuals can act as your advocates, sending you referrals and raising awareness about your services. Like any good relationship, it's often a two-way street. These are individuals who you want associated with your practice and who in turn want to be associated with you. These networks are an important part of building your business. COIs can be experts who offer solutions or services that are complementary to (not the same as) the services you provide. COIs can also be individuals who are influential within your target market. For example, a COI could be a trainer, physiotherapist or coach if athletes are your target market. Or, if university professionals are your target market, you might consider a member of the faculty as a COI.

► After you learn about the significance of cultivating a COI network, complete **Activity 3.7 – Centres of Influence** to develop a short list of potential individuals who can join your COI network. These are individuals that you would like to meet in order to evaluate how well they fit with your values and your business plan.

There are many benefits to having a network of COIs.

1. **Source of information** - If you have a quick question you can contact a member of your COI network. For instance, if there is a change to the income tax rules, you may want to clarify your understanding of how the new rules might impact your clients' investments. Perhaps there is a tax specialist within your COI network you can consult or who has an article they can send you.
2. **Refer your clients to them** – Financial advisors cannot be experts in everything. If your client has a complex issue that requires specific advice you cannot provide, you don't want to turn your client away or tell them that you cannot help them. Having a professional in your network who you trust means you can help solve the client's need and deepen your relationship with them.
3. **Get referrals** - There may be situations in which one of your COIs identifies a need with one of their clients that they cannot meet, and they in turn refer that client to you. This can be a great source of "warm leads" in that some of the trust and respect given to the COI by the prospective client flows over to you.

COIs don't have to be financial, tax, or legal professionals – they may be community members who are closely aligned with your target market. For instance, if a financial advisor works with an established restaurateur who is satisfied with the advice received, could this client be approached to be a source of referrals to other restaurateurs and entrepreneurs?

If you are working with a Managing General Agent (MGA) or other organization, there may be in-house accountants, lawyers, insurance experts, bankers or lending experts who can help provide solutions to your clients. However, building a network of outside professionals is still important as it can diversify your network and source of referrals.

Introducing Yourself to a Prospective Member of Your COI

An effective COI relationship can be rewarding, however finding the right partners can take some trial and error. There are important steps you can take to ensure you set up a successful COI relationship:

- Let the individual know who you are and what you do. This is another good reason to have a compelling elevator pitch and clear value proposition.
- Tell the potential COI that you are building your professional network and are looking for professionals or individuals to whom you can refer your clients. You may also want to send them your biography, which will contain more information about you that they can share with clients.
- Be clear that you are looking to build a trusting relationship with like-minded professionals and individuals who are going to feel comfortable referring clients. As you get to know potential COIs, you are looking to see if they are a good fit for you and your clients.
- In turn, the individual with whom you have a COI relationship should have a good understanding of the clients you are looking for. It is not a good practice to turn away referrals from COIs simply because they are not a good fit for you. If you do this regularly, the individual with whom you have a COI relationship will stop giving you referrals. Instead, have a detailed conversation with your COI relationship before you meet with one of their referrals to determine if the prospective client is a good fit and to set expectations. If you feel you should take on a client who is not a good fit to protect the relationship with a COI, ensure you clearly communicate this to your COI so that future referrals are more in line with your business plan.

COI Key Professionals

The following key professionals are examples of important relationships to consider as you build your COI network:

Divorce lawyers - Clients involved in divorce proceedings may need to work with a financial advisor for a variety of reasons:

- A financial plan to determine support requirements or a division of assets
- A new investment plan based on a new risk profile
- A savings plan to build depleted assets
- A life insurance solution is needed (either to insure the life of the person paying alimony/child support or the purchase of an annuity to guarantee lifetime income)

Estate lawyers - Clients who require estate planning will likely need to work with a financial advisor:

- A financial and investment plan to support a client's estate plan and intergenerational wealth transfer
- Will and estate planning and/or family and business succession planning

HR professionals - Clients involved in early retirement or downsizing activities may need to consult a financial advisor:

- A retirement plan examining sources of retirement income and various retirement scenarios (to determine if the client needs to work longer, save more money, etc.)
- A discussion regarding lump sum severance versus salary continuance alternatives
- Pension discussion
- Benefits analysis and recommendations (personal life insurance, health, dental and disability plans)

Real estate agents - Clients buying or wanting to buy a home will need financial advice:

- A financial plan to determine affordability of mortgage payments with other financial goals
- A review of financing options including using a personal RRSP Home Buyer Plan (HBP) program) and repayment requirements
- A new investment plan based on a new risk profile
- Potential increase in personal life insurance instead of standard bank mortgage insurance

Immigration lawyers - New Canadians are often unfamiliar with Canada's complex banking and investing environment:

- Implications of opening joint bank and investment accounts
- Opportunity to contribute to an RRSP for retirement
- Explanation of taxation of investment income and how to build a tax efficient portfolio
- Use of TFSAs to save taxes
- How to name a beneficiary to avoid probate costs

Accountants - Many small business owners have accountants who deal with their business needs but do not have a financial advisor to help them with their personal finances:

- A personal financial plan separate from their business assets
- Use of Registered Retirement Savings Plans (RRSPs) vs. Individual Pension Plans (IPPs) to save for retirement
- Key person life insurance for buy-sell agreements
- Portfolio advice on how to diversify investments in a holding company

Final thought: think outside the box. Members of your COI network can come from many – sometimes unexpected – sources. Consider web developers, who can work with successful small business owners, and art dealers, who tend to know wealthy clients interested in buying and collecting art.

Developing Your COI Strategy

How do you develop a COI strategy? Here is a useful roadmap to help you establish the right partners:

1. Prepare a list of potential COIs you want to contact. Consider the following:
 - Your personal network
 - A real estate agent, lawyer, accountant, banker, insurance advisor
 - Influencers within your target communities and markets i.e., doctors, dentists, business leaders, community leaders etc.
 - Friends and family
 - Former colleagues from previous employment
 - Local businesses or industry leaders
 - Colleagues or other professionals you know who have identified good COIs
2. Choose your COIs carefully. Not all professionals will be good potential COIs for you. Like any relationship, you need to find COIs who are a good fit and will work well with you and your business. Ideally, the COIs that you choose are professionals that you have used in the past, so that you can genuinely attest to their ability and alignment with your practice. Consider the following questions when you assess a potential COI:
 - Does the COI offer a similar or competing service?
 - Do they share the same values as you do?
 - Will the COI offer the same service levels as you do?
 - Is the COI's brand compatible with yours?
 - Are you comfortable sending your clients to the COI?
 - Does the COI have clients with whom you want to work, (will they fit your ideal client profile)?
 - Are you open to or have you sent the COI any referrals?
 - Is the COI open to sending you referrals?

Remember, while COIs are often key professionals, they can also be influential individuals who are highly connected within their communities and can help generate referrals and enrich your network.

3. Determine how you will reach out to potential COIs to introduce yourself. Set a date for the initial meeting. Establish clear criteria and set a time to decide whether the individual is someone with whom you want to build a COI business relationship.

Nurture the COI Relationship

Like all relationships, one with a COI will take time to develop. Most financial advisors agree that building an effective network of COIs is a long-term strategy. A trusting relationship between you and your COIs needs to be established before they will refer clients.

Some say that it took an average of two to three years before they received a referral from a COI. That's why starting with a few people you already know, and are comfortable working with, can be a smart strategy. Financial advisors may feel that some of their COI relationships have not been rewarding because, despite the fact that they have made referrals to COIs, there is no reciprocation. Remember that receiving referrals is not the sole reason for having a network of COIs. And, perhaps, a conversation with your COI clarifying expectations and the relationship may be needed.

Educating Your COIs

As a best practice, include your network of COIs in your CRM system and communicate with them regularly. A best practice is to share one or two ideas or tactics that reflect your services or area of specialty and would appeal to the COIs client or community base. Focus on the benefits and the results from putting such a strategy in place. Keep communications simple, focused and brief. Position the strategy from the COI's client or community perspective so it is easier for your COI relationship to understand and remember.

That way, should your COIs encounter a client with a similar situation, your COI relationship will think of your story and contact you.

Keep communications simple, focused and brief.

Best Practices For Nurturing A Network Of COIs:

Invite them to your client events and seminars to showcase your knowledge and expertise.

Offer to make a presentation on a specific financial issue in which their clients or community may be interested

Ask to be invited to your COIs' client or community events so you can see them in action and learn how they can help your clients

Establishing your presence at COI events will help build your profile and showcase your value proposition. This can range from formal events such as conferences or informal events such as setting up a table in an office or joining and participating in a LinkedIn group associated with your COI network or ideal target market

Include your COIs in your communication strategy to stay in touch. You can easily do this by sending them your newsletter and articles that are of interest to your clients

Invite them to give a presentation on a topic on which they have expertise and you think your clients would appreciate

Putting Prospecting in Context

Prospecting is part of **Initiation**, the first phase of the Client Relationship Cycle. It complements your Business Planning and Marketing. Together they form the core part of the business elements you need in order to establish and grow your business, define your marketing strategy and engage with prospective clients.

During the Initiation phase, you build trust and credibility with your prospective client. This process takes time and requires both patience and empathy. How do you know when you have successfully achieved this with a prospective client? After the Initiation phase, a prospective client

- Understands your role as a financial advisor
- Signs a client engagement letter clarifying the scope and obligations of your relationship
- Is willing to share their personal information in order to help you provide recommendations in the next phase of the financial planning process.

A prospective client becomes a client when a Letter of Engagement is signed (and / or the prospective client opens an account and a transaction is processed on the account) This initiates the next phase of the Client Relationship Cycle, **Exploration**, in which you gain more knowledge about a client's financial situation.

Summary

In this module, we explored a critical function for a newer financial advisor – prospecting. You learned the difference between networking and prospecting and how each plays an important role in furthering your overall business plan. You also engaged in a series of activities that culminated in developing a detailed business plan. As part of your business planning exercise, you developed a detailed profile of your ideal client, including where to find and how to effectively communicate with prospective client(s) in a targeted fashion. You also learned the merits of developing a COI network that aligns with your skill set, values and business model and developed a strategy to thoughtfully build your own COI network.

Module Checklist

You should now be able to:

Draw a distinction between networking and prospecting

Continue to develop your business plan and deepen your discovery of your target market and ideal client type

Identify the needs and issues of your ideal client type and create communications that target them effectively

Determine where best to prospect according to your ideal client type

Understand the importance of cultivating a COI network

Identify potential members of your COI network that align with your business plan and approach

Understand how prospecting fits into the Client Relationship Cycle