



THE TIME IS RIGHT: ADD NEW CLIENTS

Advisors have worked hard this past year. Portfolios were hit by the down market, and in turn assets under management and fee income have shrunk. The mission has been to hold onto the client base, taking more time to communicate as well as maintain and restore damaged relationships.

For instance, in October 2008, as the market dropped precipitously, more than 20% of planners said they spent 15-19 hours a week talking with clients. By February 2009, phone calls had declined somewhat, with just 15% of planners talking with clients for 15-19 hours a week.¹

However, will that attention be enough to keep current clients on board? That is, will they stay with their advisors or are they looking elsewhere?

Some research suggests that clients are ready to seek new relationships. In fact, Spectrem Group says that “just 36% of millionaires feel their advisor performed well during the crisis and only 14% say they will increase their use of financial advisors in the future” in a report called *Retain Your Clients During the Economic Crisis*.² Also, according to a Charles Schwab Corp survey, about 25% of American investors are thinking about a change of their current financial advisors or firms.³ At best, the message is mixed as to whether most clients will stay or look elsewhere as market and economic conditions improve.

Consider the upheaval and the uncertainty Americans have endured over the past twelve months. Loss of faith in our economic system, questions about long-term investment strategy and shrunken savings that were earmarked for retirement – these events have shaken confidence, creating an opportunity for advisors to reach out and rebuild their client base.

This climate of confusion and anxiety leads to additional opportunity for advisors who regularly pick up the phone and interact with clients. That is because – even with the strong message that clients want to hear from their advisors – many professionals have not communicated as well as possible. So there is latent dissatisfaction among a meaningful number of clients, those very people who are thinking about making a change.

Every advisor knows the formula for increasing AUM: increase revenues from current clients, or increase the size of your client base. Bringing in fresh assets – either from referrals by current clients or by the careful use of marketing tools – should help to recharge your business. In this changing environment what is the best way to go about acquiring those assets? Here are ideas that can help you accomplish that goal.

SHOWCASE YOUR KNOWLEDGE AND INSIGHTS

The prospect who is confident of your knowledge and judgment is the one who is about to become a client. If you do not have the power of an endorsement that a referral provides, you can gain the respect you need by teaching new information, explaining it so clearly that the listener or reader is confident you can help them.

What is the best way to make sure potential clients know that you are the right advisor for them? As you address prospects through seminars, written communications and over the Internet, talk about issues that reflect the concerns that people face in today's economy. Two newer strategies that address today's economy are income distribution planning and tactical investing.

Income distribution planning

For years, as retirement loomed ahead for the huge population of baby boomers, emphasis has been on wealth accumulation. Now that many boomers are phasing out of their peak earning years and transitioning into retirement, they need to generate income from the capital they have accumulated.

Near-retirees are asking, "How much can I afford to take out of my investment portfolio each year?" Educating potential clients on options such as time-segmented, or laddered, income distribution can set you apart from other advisors. Help prospects understand how their retirement can be separated into "buckets." For example, the first five years after retirement might be funded primarily by bonds or an annuity. Further out in time, higher-risk investments are an option.

A tactical strategy to balance buy-and-hold

Even though the strategy of buy-and-hold investing is supported by decades of market data, long-term investors were dealt a powerful blow as the market dropped. People are looking for answers, and the concept of short-term tactical investing seeks to offer an intuitively sensible way to elevate the comfort level of investors who believe they've been "burned" by conservative, long-term investing.

SMART MARKETING SPURS BUSINESS GROWTH

How can marketing initiatives expand your client base? By casting your message into a targeted public arena, you are extending your reach and building your reputation with people you might never meet through networking. And – once prospects have been attracted to your message – they have "self-selected" to become solid clients.

We identified some effective techniques that can work for you, and they are highlighted below. Select marketing tools that reach your targeted client base, those that fit your personality and niche.

Personal communication

Traditional group and one-on-one events of all kinds are powerful ways to demonstrate that your skills and leadership will provide the experience prospects are seeking. Invite current clients, and ask them to bring a friend or colleague who will be interested in your presentation. Options for these personal interactions are endless:

- Structured, large-group seminars and workshops, including a targeted, carefully selected topic announced in advance, PowerPoint presentation, handouts, and formal follow-up.
- Smaller, informal lunch-type meetings, again, with information that is aligned to the needs and interests of your target audience.

Print and traditional media communications

The nature of brochures, newsletters and other print communication forms has shifted somewhat as the Internet has gained in accessibility and influence. But a tangible, meaningful message that a recipient can hold in his or her hand is an introduction to you and an invitation to find out more. Use shorter print pieces – even postcards – to drive prospects to your web site.

Publicity in print is a cost effective way to reach potential clients, and it carries an additional benefit of implied endorsement. Write a letter or informative essay for the local newspaper or a special-interest publication. You might not get published in the New York Times, but there are thousands of smaller publications that are hungry for a timely, well-reasoned piece on a financial topic.

Energize your Internet presence

Marketing has moved to the Internet, and users of all ages are potential clients. In a recent speech before the Business Marketing Association, web marketing guru David Meerman Scott opened his remarks by asking, “when was the last time you used the Yellow Pages to look up information you were seeking?” People begin their searches online. And the web offers a big advantage over many forms of marketing: low or nonexistent costs, although a web site or blog can take up a lot of valuable time – either yours or someone you are paying.

Another benefit is that the information you put out there can be up-

EFFECTIVE MARKETING TECHNIQUES

→ Personal Communication

- Structured seminar
- Informal lunch meetings

→ Print and Traditional Media Communications

- Shorter print pieces
- Publicity in print

→ Energize your Internet Presence

- Your own website
- LinkedIn and Facebook
- Blogs and videos

dated at will. Compare this feature to a print brochure that should be republished if you decide to make changes – even if you are just moving your office or have a new phone number. In addition, on the Internet, paths to your potential clients keep expanding. Like a tree that is constantly growing new branches, twigs and leaves, the network offers new opportunities to reach prospects just about every day. You can almost watch it happen. So, given that you have limited time and resources, which of these web marketing tools are the best places to put your energy and finances?

These recommendations are listed in an order that helps you expand out from your core web site. Start by reviewing your own web site, then add Internet paths that take the least amount of time to set up and a minimal amount of maintenance time.

→ ***Your own web site***

This is your “dream destination” for prospects. Think of your web site as the “tree trunk” for all Internet or other types of marketing initiatives. Your web site offers many advantages over the newer Internet media. For starters, it’s all about you. That is by contrast with sites such as Flickr or YouTube, which are shared by thousands of other posters. For your site, you (and your team) control the content, the way the site looks and feels, even how your user can navigate the web pages. Use your site to create an initial bond with someone who is seeking a financial advisor.

Keep content fresh. Link to a great article in the Wall Street Journal or New York Times if you do not have time to write something yourself. Post any newsletters, seminar content or letters you’ve written to the local paper on your site. Make sure the home page takes visitors directly to the newest content.

→ ***Social and Business Networking: LinkedIn and Facebook***

If you are going to list yourself on just one of the social networking sites, LinkedIn is an excellent candidate. Launched in 2003, it is designed for professional networking. As of May 2009, there were more than 40 million registered users.

Setting up your LinkedIn profile means inserting your information into the web site’s template, so you don’t have to be a creative writer. Once established, you can build a network of friends, current and former colleagues which helps you get in touch with *their* networks. LinkedIn users have been able to find long-lost college friends, to find jobs and hire employees. Another popular feature is the user groups which allow you to join and share ideas and comments with like-minded professionals, such as the Financial Planning Association and some of its chapters.

Another fast-growing option is Facebook. Started by a Harvard student for his college friends and colleagues in 2003, Facebook has expanded to include anyone over 13 with a valid email address. Initially attracting college and high school students, Facebook opened up to big and small businesses, advocacy groups and political candidates (notably Barack Obama and John McCain). There are more than 200 million users worldwide.

To market your advisory practice, you can use Facebook to set up a profile of your business on one of the “Pages” developed for that purpose. One of the most popular features is the

ability to generate “fans” who share their passion for an organization with their friends, supporting a viral marketing process.

Make sure you are included in any groups that use online directories. If you have completed the CFP® certification, the Financial Planning Association provides a free basic listing as part of your membership. An enhanced listing provides more information, including your web address, for \$99 a year. Local chambers of commerce typically include an online directory as part of promoting their members.

→ ***Blogs and Videos***

If you are committed to building a broader Internet presence, a blog or a series of videos is the next step.

Like a garden, a blog requires constant tending in the form of frequent, fresh content as you patiently watch for the rewards of your work, expanded positive recognition by target prospects and even sometimes mainstream media. For bloggers, the reward is a base of regular readers who actively participate by commenting, a positive reputation as an expert and additions to your client base.

Depending on the nature of your videos, they can be posted on your web site or sites such as YouTube. A clip of your most recent seminar is an easy way to get started.

Offering information on the web

Providing information is a time-tested tool for building credibility, but it has been elevated to a high art on the Internet. Web content, blogs, videos – even “white papers” which offer solutions to business problems – make engaging the audience you seek easier than ever before. Create a reason for your audience to want you to be their financial advisor.

POWER UP YOUR PROSPECTING TIME WITH TECHNOLOGY

Platforms that keep pace with changing client needs are essential tools for advisors. In fact, a savvy platform provider, with its sense of the market’s direction, can provide tools that will free you up for more actual prospect and client interaction.

Outsourcing research continues to be a drain on the time of many advisors. According to a Cerulli report, 36% of advisors were still doing their own investment research at the end of 2006.⁴ With an up to date platform, advisors can provide the strategy, based on the level of risk desired, but do not have to take a time-consuming hands-on approach.

Similarly, with a Unified Managed Account, an advisor can determine allocations and allow the platform to manage rebalancing unless he sees a compelling reason to become involved.

Other time-saving platform functions include time-segmented distribution reporting, showing “buckets” allocated for retirement time segments. Tax overlay and SRI overlay processes can also minimize time for advisors.

OPPORTUNITY = TODAY

Take advantage of these unsettled times to bring in new clients.

Make a plan to expand your client base. Consider the unclear and uncertain feelings that prospective clients have right now, and decide how you can provide assurance through information and insight. Determine which marketing tools will help you expand your message and open prospects' minds to working with you. Take advantage of the state-of-the-art platform technology that will leverage your time and provide the most effective processes for you and your clients.

Now is the time. Increase your client base and set the stage for a stronger business and financial future.

¹ "Practice Trends: Planners Adjust to Evolving Recession," Christina Nelson, Research Spotlight Second Quarter 2009, page 10.

² www.spectrem.com/ProductInfo.aspx?productid=ADVISOR_INSIGHTS_SERIES_14. Spectrem consults with advisors of high net worth clients.

³ "Frustrated by Losses, Americans Re Assess Advisors," Donna Mitchell, Financial Planning Magazine, June 17, 2009.

⁴ Exhibit 6: Resources Used in Determining Asset Allocation Strategies, 2006 Advisor Survey, Cerulli Associates.

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