

HELP CLIENTS MANAGE
THEIR CREDITORS

ADVISOR'S EDGE

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NEED A
BIGGER PENSION?
BUY IT!

A man in a dark suit, light blue striped shirt, and patterned tie stands on a wooden staircase with a metal railing. He is looking directly at the camera with a slight smile.

BRING
IT ON!

They're smart, POWERFUL and rich clients. Are you SHARP enough to win them over?

Peter Pomponio,
financial planner

LAST YEAR,

Peter Pomponio, a financial planner and vice-president at Assante Capital Management Ltd. in Saint-Laurent, Que., invited eight couples to Hotel Quintessence, a luxury boutique in Mont-Tremblant. For two days over the weekend he lavished them with tee-offs on the golf course and treatments at the spa. It was a typical—if slightly extravagant—client appreciation event for the advisor.

But there was something out of the ordinary going on. Those eight couples weren't clients. Instead, the attendees at Pomponio's "Thanks a Million Weekend Getaway" were high-net-worth referral sources and their spouses. Each of the eight had sent clients worth more than \$1 million in new business to his firm during the previous 12 months.

Welcome to the world of HNW prospecting, where cultivating relationships with prospect providers is every bit as important as wining and dining well-heeled clients.

The number of Canadian millionaires is growing. According to Merrill

Lynch/Capgemini's World Wealth Report 2006, there were 232,000 Canadians with investable assets over US\$1 million in 2005, an increase of 7.2% over the previous year. That's good news for advisors who specialize in offering the complex and comprehensive wealth management services many affluent investors require.

Before winning over these tony clients, however, you have to get their attention—and that, say many advisors, is where the techniques you use to build profitable connections with referral sources becomes so important.

Building Street Cred

Advisors targeting the HNW market work hard to raise their profiles within those communities. Adrian Mastracci, president of KCM Wealth Management in Vancouver, makes a point of addressing groups of HNW clients at least once every couple of months. When a professional contact is hosting a breakfast, investment club or rotary club meeting, he offers to deliver a presentation about wealth management. He says subjects such as charitable giving and business succession plan-

ning are an open invitation to speak, because they engage affluent investors.

"I like to be a resource person to other professionals," he explains. "If they think that you have the acumen that their client requires, they will call you and they will ask you to participate. You may be one of three that they refer to, but being one of three puts it in your court to show what you can do—and if the client sees the benefit and the value, then you're going to be engaged."

"If they've given you permission to call, you've got to take it and run with it."

As proof that Mastracci's approach works, during the interview for this article, a prospect with nearly \$2 million in investable assets left the advisor a voicemail inquiring about a portfolio review. The prospect met Mastracci at one of his presentations more than a

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year ago, but it was enough to leave a lasting impression.

Hal Spelliscy doesn't wait for others to set up events; he schedules his own. Eight to 10 times a year, the investment representative with Edward Jones in Kelowna, B.C. holds analyst conferences for his clients and encourages them to extend an invitation to a guest.

Recently, one of his clients whose trust Spelliscy had earned over a period of years, brought a wealthy neighbour from across the street to one of the conferences. The client, generally a reserved fellow, gave the advisor a glowing endorsement in front of the neighbour. When the would-be prospect naturally accepted his card, Spelliscy took it as a sign he had permission to call—which he promptly did, earning an invaluable new client.

“High-net-worth individuals admire someone who takes the assertive tack,” notes Spelliscy. “The initial call is to introduce myself and my firm, and to ask if there might be an opportunity to meet face-to-face for 15 or 20 minutes. I have about a 90% success rate with that approach. If they've given you permission to call, you've got to take it and run with it.

“You cannot wait, especially in the high-net-worth arena, because they've had advisors before and they're being approached simultaneously, probably by two, or three, or five others.”

Spelliscy also calls prospects two or three weeks after an introduction to recommend that they consider a specific investment. Whether or not they buy it is secondary. The point, he says, is that you're proving to them that you're able and willing to bring good opportunities to their attention. Their response, he adds, can tell you a lot about their investing preferences.

Relationships Matter

Successful advisors will tell you the deeper your relationships are with clients and centres of influence, the further you'll get in the affluent market. But beware: Strategies that are effective for less wealthy investors may not work with the high net worth.

“Their lifestyles and the maintenance of their wealth are very important to them, and the fact that they can sit down and have a cup of coffee with you to develop a relationship, and to feel that you understand them, is more important than a splashy client appreciation event,” says Neil McIver, first vice-president and investment advisor with Richardson Partners Financial Ltd. in Vancouver. “If you can demonstrate your competency on a professional basis, that's what turns them into raving clients.”

In other words, substance over style may be the key to referral generation with this group. In particular, McIver adds that ultra-HNW clients may not want to advertise whom they do business with, and therefore they may pass on mingling with his other clients at appreciation events.

Teresa Black Hughes, a senior financial planner and investment advisor at Vancouver-based Solguard Financial Ltd./PEAK Securities Inc., finds that simple but thoughtful touches work well with her COIs, as well as her clients.

For example, she personally assembles goody packages for accountants in the weeks leading up to the tax filing deadline. Her baskets are filled with specialty coffees and teas, crackers and cookies that she handpicks at a local grocery store. “Nothing fancy,” she says, “but it's what I do to keep myself at the forefront of these people's minds.”

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She explains that this strategy ensures everyone in a centre-of-influence's office knows she's looking out for them. Basically, at one growing CGA firm, 22 potential referral sources will be munching on her care-package snacks come tax season.

One-on-one time is important, too, Hughes notes, so she still tries to follow the advice a senior partner in her firm gave her when she was starting out in the business: "Once a month, you should take a centre of influence for lunch."

She goes to these lunches prepared with two topics of conversation: a question that would benefit from her COI's advice and an example of a client issue she has resolved successfully. She sees this two-pronged approach as sharing knowledge, not "pitching," and points out that it can also help her instruct COIs about the types of clients she is interested in acquiring.

At a recent lunch, Hughes compared notes with two accountants on a challenge all three of them were facing: A significant number of clients are in their 80s and there's a looming need to attract younger prospects. The conversation naturally led to prospecting strategies and ended with a suggestion from one of the accountants that Hughes come to speak to a women's group in North Vancouver which

specializes in grouping people in their 40s. It was a perfect opportunity for her to raise her profile among an attractive new demographic group of affluent investors.

Being Bold

"Dealing in the high-net-worth market is different from dealing with the general marketplace where you can be more direct," says McIver. "You need to be referable, meaning that you need to have a demonstrated competency, consistency and process in what you do."

So, should advisors targeting HNW referrals ask directly for them or not?

"I tell them that I want to earn the right to ask for a referral, so I don't ask until we've added value in an existing client's life," answers Luciano Blandi, a private wealth consultant at BMO Harris Private Banking in Toronto. He has learned that at some point most clients have an "eye-opening event" that reveals a specific need, and he watches carefully for this moment because it can be a catalyst to a discussion about referrals.

Lynne Triffon, vice-president at T.E. Wealth in Vancouver, doesn't ask her clients directly for referrals; instead she organizes events where, like Spelliscy's client, they are encouraged to bring a friend. Two years ago, for

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PETER POMPONIO, FINANCIAL PLANNER,
ASSANTE CAPITAL MANAGEMENT LTD., SAINT-LAURENT, QUE.



"It's very important that you're consistently and eloquently communicating your value proposition."

Photography by Pierre Longtin

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example, she and her colleagues hosted cocktails and a tour of an exhibition at the Vancouver Art Gallery for about 100 people.

“We let people know that we can accommodate 75 to 100 more families in our practice.”

She cautions advisors not to push clients away by being too aggressive. “Some people will respond to a strong sales approach, and for some it’s going to turn them off,” she explains. “You have to become good at assessing people and what’s going to work for that individual, because what will work for one may have the opposite effect on the other.”

For her part, Hughes makes asking for referrals part of her practice year-round. Her quarterly newsletter regularly advertises a contest draw for people who have referred prospects who became clients. She also sometimes includes a “P.S.” with a letter saying: “I’ve taken the liberty of enclosing a few extra business cards in the event that you know somebody else who might find our service of interest.”

Meanwhile, Spelliscy finds his clients appreciate a direct request. “Our preferred approach is to explain how much our practice relies on referrals. We let people know that we can accommodate 75 to 100 more families in our practice and explain very specifically what types we’re looking for,” he says.

He also notes one of his practice’s most effective strategies is simply to provide potential referral sources with a notepad and pen and ask them to take a few minutes to brainstorm names of friends, relatives, in-laws, neighbours, colleagues and contacts whom they’d view as potential fits for his client profile. But he asks them to refrain from showing him their list. Rather, it’s a reminder list for them. “We ask that they make a point within the next three months to have a conversation with those individuals and ask if we can be in touch,” he explains. “We find if they write it down, it’s their commitment to it, not ours.”

One of the unique opportunities and challenges of working with HNW clients is that advisors often have to coordinate their efforts with other financial advisors, accountants and lawyers. According to Blandi, that can be a huge help to advisors as they build their referral network. First he

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asks clients for permission, then he might call up their accountant and suggest that they sit down together for a half hour to discuss strategies for their mutual client.

After demonstrating his expertise, Blandi may query, “Do you have any other clients in similar circumstances that we can help out in a similar manner?”

“It snowballs from there,” he says. “One client leads to another, which leads to another professional—but it’s really all about doing the right thing for the client. That develops your reputation within the industry and leads to more and more referrals.”

The difficulty, as Pomponio points out, is that because HNW investors generally have many professionals assisting them with their affairs, it’s a given that each individual advisor’s work will be meticulously analyzed.

So, beyond entertaining referral sources on the slopes of Mont-Tremblant, Pomponio emphasizes, “it’s very important that you’re consistently and eloquently communicating your value proposition and delivering on that value proposition. Operate in a straightforward and professional manner so the referral source never gets any surprises and, basically, deliver what the referral source is expecting you to deliver.”

His no-surprise approach works wonders. Adds Blandi: “You can’t just take what you’ve done with the client who has \$50,000 and try to apply it up and make some minor tweaks. You either play in that sandbox or you don’t.” **AE**

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