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To: CFDD Clients

Subject: **STRATEGIC MARKETING SERVICE FOR ADVISORS**

From: CFDD

Presented is the first release under the CFDD's Strategic Marketing Service for Advisors. This service was designed to reduce your burden, save you money and help you grow your business.

A series of thought provoking modules will follow. Each module will contain analysis of specific marketing tools, due diligence on credible vendors offering the services and a look at which initiatives are currently working for advisors.

In addition to identifying growth opportunities, the modules will contain valuable information on what to do, how to do it and who we recommend for outsourcing services. The modules will be archived under Marketing Strategy on the CFDD's new website at: <http://www.thecfdd.com>. Accessibility will be exclusive and limited to conference registrants.

We look forward to expanding your opportunities and helping you grow your business.

The modules will include:

- **Advertising**
- **Direct Mail**
- **Electronic Mailers**
- **Media Relations**
- **Newsletters/Surveys**
- **Print Materials**
- **Referrals**
- **Seminars/Webinars**
- **Strategy**
- **Telemarketing**
- **Web/Internet**

Today's TAKEAWAYS:

- **Shift Sales Strategy To BOR Turnover**
- **Commit More Resources To Client Retention & Communication**
- **Assign Dedicated Resources & Staff To New Business Development**
- **Design, Execute & Outsource An Integrated Marketing Program**
- **Emphasize Referrals, Media Relations, Electronic Mailers & Your Website**
- **Consider A Separate Entity To Pursue Retirement Plan Participant Level Business On A Fee Only Basis**
- **Prioritize The Transfer Of Assets To Your Own Platform.**

Marketing Strategy & Mature Markets

The financial services industry may not have matured, but the old model of delivery clearly has. In terms of plan formations, consolidation, turnover and participant demographics, the retirement plans market has also come of age.

Mature markets are demanding because growth requires us to steal market share from our competitors and broaden our product line. As business models evolve, competition increases and consolidation intensifies, **advisors must sharpen their sales approach and devote more resources to client retention and effective business development.**

To increase market share through consolidation, intermediaries must constantly elevate their level of professionalism, operate with a higher fiduciary standard, disclose all fees & conflicts, broaden their service offering and adjust to wholesale pricing. They must also identify growth opportunities, distinguish themselves, define their value and communicate it.

To free capacity and ease pricing pressure, the practice must be staffed appropriately and managed effectively, including the acceptance of new technology to drive efficiency. Profitable growth will also require advisors to **avoid problematic and low margin clients.** To avoid surprises and problems, professional liability insurance, including fiduciary coverage, must be adequate and in place.

The fastest growing practices are clearly specialized, focused and well managed. To ensure efficiency and accommodate growth, larger practices are increasingly considering professional management. They have also implemented formalized marketing programs. In short, they know who they are, what they want and how to communicate it.

Most advisory practices are small and operate with limited resources. Nevertheless, competition has intensified and regardless of size, **marketing efforts must be bolstered**. This is easily accomplished because most advisors don't have a marketing strategy in place, a formalized referral process, a media relations campaign and few have leveraged the power of the Internet.

Some advisors never embraced marketing while others have lost momentum by becoming victims of their own success. In any event, small firms are not disadvantaged by their size in the marketing area because **success is driven by quality solutions and creative marketing**. Although one may not have to think like an evil genius to be successful in the marketing arena, **a basic understanding of buyer psychology is a necessity**.

Marketing strategies can be complicated, time consuming, expensive and ineffective, but **the best marketing is always free**. You must, however, have something your audience wants, needs and considers to be of value. You must also educate the buyer, craft a meaningful message, deliver it through multiple mediums and think geometrically rather than arithmetically.

The business development initiative could be in-house or outsourced. Certain components of the program, like referrals, can't be delegated, but **outsourcing part of the marketing initiative allows advisors to focus on growing and servicing their business**. The marketing landscape has changed and finding credible outside experts is, however, always a challenge.

Intermediaries may not realize it, but in addition to our vocational specialty, we are all in the sales and marketing business. Marketing is often needlessly complicated, so let's review the basic elements of marketing strategy.

Consistent communication is important, but marketing strategy has to be flexible. To be successful, **strategy must be based on competitive threats, marketplace dynamics, client needs and the advisor's strengths**.

THE VALUE PROPOSITION

Marketing encompasses communication, brand identity, target marketing and delivery, but the value proposition must be in place before the marketing program is developed.

In other words, the marketing program should be centered on the following:

- **Specialization**
 - Profitable growth opportunities
 - Core strengths
 - Fills a void

- **Differentiation**
 - Who you are
 - What you do
 - Why you are different

- **Solutions/Benefits**
 - Client success
 - Institutionalizing the task
 - Insulation
 - Mental relief
 - Reduced burden

- **Value**
 - Organization
 - Business model
 - Credentials
 - Experience
 - Offering
 - Service
 - Pricing

DEVELOPING & COMMUNICATING THE MESSAGE

After the value proposition is in place, profitable growth opportunities have been validated and the targeted audience has been identified, a meaningful message can be crafted.

To be effective, marketing messages must be **strong, informative, engaging and compelling**. The message should also **motivate** the targeted audience and **reinforce the brand** identity.

Without action, the message must be viewed as a failure. To enhance success, the message should **offer solutions, benefits and be personally relevant** to the audience. In short, close your eyes, think about what you want to accomplish and step into the prospect's shoes before crafting your message.

Additionally, the message should be **consistent, integrated, repeated and delivered through multiple mediums**.

We have already noted that marketing is about communication, brand identity, target marketing and delivery. Regardless of size, all businesses must **communicate with existing clients as well as prospects**.

As markets mature, growth may not be possible without retention and **communication is central to client retention**. Creative, personalized and interactive third party communication via online surveys could be particularly helpful. Regardless of the method, communication cements relationships, facilitates new business from existing clients, referrals and hiring. It also creates awareness of new services and events.

The number of retirement plan sponsors interested in changing vendors continues to plummet, but BOR turnover has become a major trend. As a result, advisors would be wise to **adjust their sales and client retention strategies**. Advisors should also assume competitors are talking to their customers as well as their prospects.

To avoid losing clients, all topics, not just the reason why the intermediary was hired, should be open for discussion. Expanded communication is important because **client hot buttons, challenges and pain points change over time**.

When creating and communicating marketing messages, the following basics should be considered:

- **Developing The Message**
 - Strong
 - Informative
 - Engaging
 - Compelling
 - Motivating
 - Emphasizes Your Strengths

- **Communicating The Message**
 - Consistent
 - Integrated
 - Repetitive
 - Multiple mediums

- **Targeting A Specific Audience**
 - Clients
 - Prospects (Quality list is essential)
 - Centers of Influence
 - Circles of Interest
 - Local Business Publications
 - Trade Media
 - National Media

WHAT IS MARKETING & WHY IS CLIENT SATISFACTION IMPORTANT

Marketing is not about subliminally coaxing consumers to purchase something they don't want or need. **Marketing is the creation and delivery of a motivating message to a targeted audience.**

To be truly effective, many experts believe **the message should be about a benefit or solution that prospects want or need** rather than a product or service. The offering must also be **packaged with value** and the sale must ultimately satisfy the client.

Client satisfaction is essential because happy customers provide additional business, generate referrals and engage in positive word of mouth advertising. Dissatisfied clients may, however, balk at paying their bills, consider litigation and create negative brand. Some clients can't be satisfied and that is another reason why advisors should avoid or fire low margin and problematic clients. Indeed, referring problematic clients to your competitors is smart business.

As you can see, **positive word of mouth is the ultimate form of marketing.** Make no mistake, the lack of ulterior motives and the personal nature of communication between individuals adds a level of credibility not found in formal marketing initiatives.

To be truly successful, **advisors must convert clients into their sales force.** Indeed, it doesn't get any better than having your clients work for you and pay you while they do it.

In short, **growth requires us to leverage our clients and business partners.** We can't do that unless we offer solutions, value and a product or service that satisfies the client. Moreover, ongoing communication is also essential to client satisfaction and new business development.

WHAT IS BRAND & WHY IS IT IMPORTANT

Regardless of size, all firms benefit from business development, communication, marketing and branding.

Brand is complex, but nothing is more important, particularly in a mature market. Although quality products and services are essential, brand defines & distinguishes you and accelerates growth.

More than a logo or an ad, **branding consists of positioning and the creation of a positive image that becomes embedded in the mind of your clients and prospects.**

When there is little perceived difference between products or services, **brand is the differentiator.** In short, **brand gives you prominence and distinction** in a crowded marketplace.

Brand should tell the world who you are, what you do and how you do it. It should also **accentuate your strengths.** Before incorporating brand into their marketing message, advisors would be wise to poll their clients and find out why they were hired. The internal and external perspectives should be the same.

Brand should be **driven by daily action.** Once defined and understood, the entire organization should know it, promote it, communicate it and protect it. It should also be integrated in all methods of communication.

In addition to driving growth, brand helps you hire, retain and guide employees. It should energize the organization and assist in making good decisions. Positive brand also increases marketing returns and supports premium pricing.

The CFDD has a soft spot for the concept of brand because that is what made us successful. From day one, we delivered the unbiased and rich content that our clients wanted. The output catalyzed favorable word-of-mouth advertising which was largely responsible for our growth. Our brand derived from our client's feedback, i.e., unbiased, bottom up, content rich and advisor-centric. Those words are now integrated in all of our communications.

Before leaving the subject of brand, it is important to note that a single lapse in service could negatively impact a client's viewpoint. A lack of consistent delivery could also dilute a positive brand.

WHY REFERRALS

In addition to being the foundation of a good marketing strategy, **referrals are free**. When value and service are provided, **referrals are generally an untapped resource**. On the other hand, advisors who don't offer value and service are in the wrong business.

Satisfied clients are the average advisor's greatest asset. They should also be:

- Primary Source of New business
- Higher Margin Source of New Business
- Easiest To Close
- Biggest Source of Referrals
- Most Powerful Advertising Tool

Client referrals should be prioritized over Centers of Influence because they are more productive. Referrals from Centers of Influence are slow to develop, but relationships with outside experts could be looked at as an extended staff. This is important to HNW clients with a wide range of needs because it helps small advisory practices project the image of being a much larger firm.

Referrals are people intensive, relationship driven and require face-to-face work. As a result, **small practices have an advantage when it comes to mining clients** for new sources of business.

Referrals take time to develop, but they can come from many sources. Referral sources can be broader than generally recognized, but the primary sources for most advisors are:

- Clients
- Staff
- Firm
- Vendors
- Centers of Influence
- Circles of Interest
- Strategic Partners
- Social Contacts

There is no perfect approach to the art of referrals. **A formalized approach that is integrated on a practice wide basis is necessary**, ultimately creating a breeding ground for referrals. In other words, **your clients, staff, firm and other sources need to be aware and continually reminded that referrals are coveted.**

You should also **communicate the type of clients you are seeking**. Indeed, “we are always looking for clients that meet our profile” should roll off the tongue of every person in your organization.

Before initiating your referral program, you should develop your message and draw on your brand. In other words, every person in the practice should know who you are, what you do, how you do it, why you are different and who you want as a client.

The retirement plans, HNW and wealth management (rollovers) businesses differ significantly. As a result, the referral methodology should also be different.

Some retirement plan advisors, particularly those with acknowledged fiduciary status, have been reluctant to pursue individual business because they feel there is a conflict in pursuing business at both levels. On the other hand, others feel that competitive pressures require them to pursue HNW and meaningful wealth management business.

Independent advisors pursuing business at the plan & participant level should **consider servicing the business on a fee only basis and establish a separate entity to service participants**. If participant level business is pursued, the advisor would be wise to obtain written acknowledgement of the potential conflict from the plan committee. The committee could also limit the services and/or require participants to sign a non-product endorsing agreement.

Vendors are targeting rollovers with aggressive initiatives and they are ahead of advisors. Major assets are poised to move. **Now is the time for retirement plan advisors who are interested in individual wealth management business to take action.**

WHY MEDIA RELATIONS

Positive public relations are invaluable, but this medium is one of the most underutilized marketing tools available to advisors. Like referrals, **media coverage is effective and it can be free.**

Unlike the large and well funded distributor organizations that blitz the media with brand, comfort, tradition and capitalization, advisors operate on a limited budget. Independent advisors can, however, compete with these big dogs. To do so, they must provide education, solutions, differentiate, use a non-conflicted business model and promote their strengths.

Considering that big ticket Fund Company advertising is widely viewed as less than effective, **a medium that is both free and effective should not be overlooked**. Advisors should also note that in addition to being expensive, brochures, traditional advertising, direct mail and seminars are generally less than productive.

Media exposure provides visibility, credibility and positions you as an expert. Media exposure is a form of **third party endorsement** because those who appear in the media are viewed as **part of the news**, not a commercial. Advisors must develop relationships to close sales, but in addition to enhancing other marketing initiatives, this exposure **helps to distinguish you from your competitors.**

The written word is especially powerful today and the ability to disseminate and archive it is now unlimited. Reprints can be framed in your office, forwarded to clients, linked in newsletters, posted on your website and included in your marketing materials. Have no doubt; **the Internet has opened up a huge audience with broad access to information.**

Advisors developing a media relations campaign should **use a broad approach which includes print, broadcast and the Internet.** Local exposure is always premium exposure. The following forms of communication should be included in the media relations campaign:

- Interviews
- Quotes
- Columns
- Byline Articles
- Surveys
- Press Releases
- Guest Speaking

Before unleashing orchestrated sound bites to the broadcast media, you should organize your thoughts, develop an outline and be clear about your message points. **Being entertaining, controversial, challenging and predictive could be a positive,** but you must remember to stay focused and present yourself as an expert. Given that the competition for air time is robust, media representatives need a reason to interface with you.

ELECTRONIC MAILERS

Information to follow.

WEB/INTERNET

Information to follow.

DELIVERING THE MESSAGE

If you initiate a formalized marketing program, referrals and centers of influence will probably be your biggest source of new business. Telemarketing (some services actually work), media relations, email campaigns and your own website may also be your most effective methods of delivery.

As noted, it is important to **integrate your message internally before going outside your practice**. The message should be part of your business cards, letterhead, brochures, logo, tag lines, etc. It should also be communicated by your staff, your firm and even your clients. Additionally, your office should project your image and message.

Delivering your message in different ways generally pays dividends. However, you should **identify the outside medium that works best for you before committing your resources**. Direct mail and advertising should be approached cautiously because they are generally regarded by advisors as expensive and less than effective.

To be effective, direct mail and advertising must be very focused. **Creating your own email and/or direct mail lists of clients and prospects is an activity that should be prioritized.**

Given that competitors want your clients, **marketing can be viewed as a modern form of warfare**. All available options should be on the table. The delivery methods generally viewed as the most effective are listed in order below. Each tool's effectiveness will be explored in the months ahead as part of our Strategic Marketing Service For Advisors.

- Email Campaigns
 - Your Website
 - Media Relations
 - Telemarketing
 - Newsletters
 - Surveys
 - Webinars/Seminars
 - Direct Mail
 - Advertising
 - Local Markets
 - Centers of Influence
 - Circles of Common Interest
 - Industry of Client Concentration
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Upcoming Modules

The first modules following this release on Marketing Strategy will focus on Referrals, Media Relations and E-Mail Campaigns. Advisors interested in implementing a marketing plan and developing a media relations campaign should note that the session below will be on the CFDD's October 13-15, 2008 Advisor Conference agenda in Scottsdale.

Promoting Your Practice Through The Media: How Three Advisors Have Done It

- Bill Bongiorno (Moderator), President, Blue Chip Public Relations, Inc.
- Don Schreiber Jr., President/CEO, WBI Investments, Inc.
- Joseph J. Duran, CEO, United Capital Financial Advisors
- Vern Hayden, President, Hayden Wealth Management Group

For more information on the Advisor Conference, go to: <http://www.thecfdd.com/CFDDconference2008>.

"The pen is mightier than the sword, but only if the sword is short & the pen is sharp"
- Terry Pratchett -

"Marketing is like eating right; it's what you do everyday that counts"

"The pen is mightier than the sword, but no match for a gun"
- Beach Boys -

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