

Wall Street Journal: Three Words of Advice for Million-Dollar Producers

By Dan Richards
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In September of 2010, the financial advisor careers section of *Wall Street Journal* asked 60 advisors from all over the U.S. for suggestions to new advisors starting in the business whose goals were to be million-dollar producers.

Their advice came down to three words: “*Narrow your focus.*”

Why focus is key

This suggestion is hardly new – for at least a decade, advisors have been told that focusing your practice to serve a defined client group is essential to maximize success.

First and foremost, narrowing your focus enables you to develop greater expertise in a specific group’s needs, so you can serve them better.

It allows you to improve the efficiency of your marketing, as you can target your message to a more clearly defined group of prospects and focus on building partnerships with other professionals who serve the same group.

Being a specialist lowers the risks for clients who are considering referring you to friends who belong to the same group.

And in an increasingly competitive world, specializing can be a crucial point of difference, especially in larger urban center. Whether in manufacturing, retailing or professional services, the lesson of the last 20 years is clear: Generalists do just fine when competing against other generalists. As soon as specialists arrive on the scene, however, generalists struggle to compete.

Focused specialists in action

Despite the overwhelming case for focusing your practice, most advisors stubbornly cling to their generalist positioning.





In part, this is because of risk aversion and resistance to change – almost every advisor begins the business with an “*every client is a good client*” mindset; as a result, five years into the business you have a hodgepodge of clients without consistent needs or themes. Moving to a focused approach is a departure from what’s comfortable.

Even advisors with focused client bases, for example those with a concentration on retirees, are generally reluctant to articulate that focus and to be explicit about who they serve. There is a sense that by saying that you focus on seniors, you are limiting your appeal to someone who doesn’t meet that definition. What’s lost in that decision is that by being explicit about who you serve, you typically gain much more in strengthened appeal to other prospects in that group than you lose by excluding people who might fall outside your niche.

Certainly, the fact that most advisors fail to focus isn’t because of the lack of potential client communities on which to concentrate. Some of the client segments represented in the *Wall Street Journal* survey included:

- GBLT couples
- Families with children with special needs
- Retirees
- Young physicians
- Entrepreneurs
- Professional athletes

One participant in this survey went so far as to focus on people who participate in horse racing. And these examples only scratch the surface of what’s possible – over the last few years, I’ve talked to successful advisors who focus on dairy farmers, franchise owners, Toyota dealers, real estate developers, and owners of manufacturing and exporting businesses, just to name a few.

Deciding who to serve

I recently sat down with two advisors who have been in the business for many years. While quite successful, they have seen their business stagnate – and have come to the conclusion that to take their business to a higher level, they need to narrow their focus.

Focusing your niche starts by brainstorming candidate groups who you might be able to serve. One of the best ways to do that is to start by digging into your client base and identifying clusters of clients who you could replicate more broadly.

Once you have a list of potential groups, the next step is to prioritize them by fit and opportunity.



Before meeting the two advisors to talk about where they wanted to take their business, I suggested that they rank each potential group on five dimensions from 1 to 10 (with 1 being low and 10 being high):

1. Does this group have pressing problems in common that are hot buttons for them and that you can help solve?
2. Is this group one that you can build a business around, taking into account the number of people in this group and their typical asset level?
3. Do you have a base of clients in this group from which to start?
4. Are there efficient ways to reach prospects in this group, through publications, associations or lists?
5. Do you enjoy working with members of this group?

As a result of this process, each potential group will emerge with a score of up to 50 points. A key issue is to ensure that the group you select sees itself as having common needs; a quick reality check is to imagine the response if you told someone in the group you've selected "*I specialize in the unique problems and financial needs of*"

Reaching your target group

Once you pick a group, the final step is figuring out how to get in front of them.

In a sense, having a defined target group makes marketing easier. After all, bringing focus means you can more effectively organize your practice to meet your target group's unique needs. And once you've done that, it's typically easier to find the members of your group who you want to talk to.

There are a broad range of approaches to reach your target group. Three examples of strategies I've seen work to help advisors build \$100 million plus books:

Target: Widows and older divorcees emerging from long marriages
Unique needs: Assessment of situation, financial planning, education, empathy
Strategy: Wrote book detailing issues for "*suddenly single*" women in their 50s to 70s, leveraged that to become the go-to media resource on this issue in her community and to establish referral relationships with family and estate lawyers

Target: Dentists
Unique needs: Financial planning advice and insurance; continuing education
Strategy: Host complimentary dinners offering dentists continuing education credits on professional development issues; as well, the advisor includes a 20 minute market update and follows up the next day.



Target: Successful business owners
Unique needs: Translation of business assets to financial assets; coordination of tax and estate plans; communication among family members
Strategy: Develop referral relationships with a small number of accountants focusing on successful business owners
Host breakfasts featuring a professor of entrepreneurship from the local university or an expert on communication on financial issues among affluent families

The holiday season provides an opportunity both to relax from the year behind us as well as to reflect on the year ahead. As you think about where you'll be taking your business in 2012, consider whether you need to take the *Wall Street Journal's* advice and narrow the focus of your business in the coming year.

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