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Investor Psychology: Where Do Advisors Go Wrong?

By Michael Lovas, President
About People

Several years ago, Russ Alan Prince identified the various categories of investors. We finally had a picture of each type of investor. Then what?

The most important pieces were still missing – how to recognize and attract them. This line of thought makes me giddy with excitement because it falls into the area of psychology that I love. Simply, if you can't attract the exact kind of people you want, you have no one to connect with. Nothing from zero leaves you still holding an empty bag.

What would the grand slam homer be for you? I'll give you a hint; what if you could create a marketing and communication concept that inspired your "A-level" target market to identify with you and trust you? To me that is the ultimate win. When you can accomplish that, you'll be inundated with referrals from your clients. You'll get more, or all, of their total wealth to manage. You'll inherit their family members and future generations as clients.

The big question: "How can I get my 'A-level' target market to identify with me and trust me?" I'm about to show you.

1. You must understand the specific levels of rapport building. Until you understand those five levels, you're shooting craps with your business. Until you begin to use the rapport-building skills every day, you're wasting 50%-75% of your time with prospects. That's what happens in the office of just about every advisor. A prospect comes into the office and the advisor launches into a procedural presentation. Bam! Immediately, half the people across the desk are turned off.

2. Rapport is not the goal; it's just the road on the way to trust. Without rapport, there is no trust. Unfortunately, approximately zero percent of advisors know explicitly how to build rapport, so it's a miracle they get anyone to trust them. I don't mean to offend, but think of how much more successful you'd be if you could purposefully build rapport with just about anyone?

3. Once you have established rapport and trust, you must do something relevant with them. What do you do in your presentations in real life now? Most advisors begin discussing financial issues: risk, assets, current investments, diversity. Wrong. That's a conversation on your terms, with your agenda. The prospect has become a tool for you to get what you want. Bam, rapport is damaged and trust begins to erode. The point is that rapport leads to trust and trust is the platform upon which you connect through the prospect's beliefs, identity, values and language. Until you can identify those things, you're on the floor dancing with yourself.

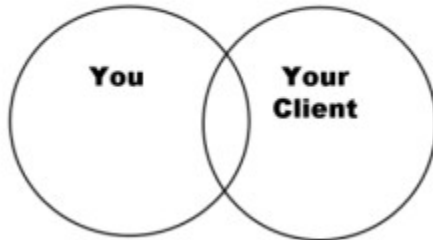
Remember the headline of this article? We're talking about psychology, not sales presentations. If you want the prospect to accept you as a consultant, you have to put your agenda on the back burner and hers on the front burner. Otherwise, you're just another salesperson. Again, I don't mean to offend, but look at the behavior. You know what they say, "Pete Rose by any other name...." If it looks like a rose and behaves like a rose, we don't call it a consultant – even if it uses a consultive approach. A consultive approach to selling is just another rose, and one that's flirting with deception.

Back to our ultimate question: "How can I get my 'A-level' target market to identify with me and trust me?" First thing – learn what's important to them. You'll probably find out that it's mainly the same stuff that's important to you. You probably share beliefs, identity, values and language. See the graphic below? The area where those circles overlap is the area that represents the things you

have in common with your best clients. By focusing on them, you'll attract more people like them.

What are those important things? I use a secret technique to discovering those things. I ask. So, my prescription to you is to just talk with your best clients and figure out what you have attracted to yourself. Along the way (as soon as you start focusing on them, instead of yourself), you can identify their beliefs, identity, values and language. Once you identify that, you can begin to build a business that is on target and purposeful.

Where you connect



Conclusion. As I scour the landscape for other marketing and communication concepts that makes sense to me, I see a wasteland. What are the others missing? It's simple – the common elements are missing. Pay attention to the advice you get from other sources. You'll probably find them heavy on demographics and light on (or devoid of) psychology. If you don't have the psychology, you don't have much to go on.

Now, go talk to people. Learn something about the checker at the grocery store. Find out what the plumber's values are. Start your conversation like this, "Let's talk about you."

If you want to learn more about how to identify the beliefs, identity, values and language of your "A-level" target market, just give us a call.

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