NEW TO THE GAME

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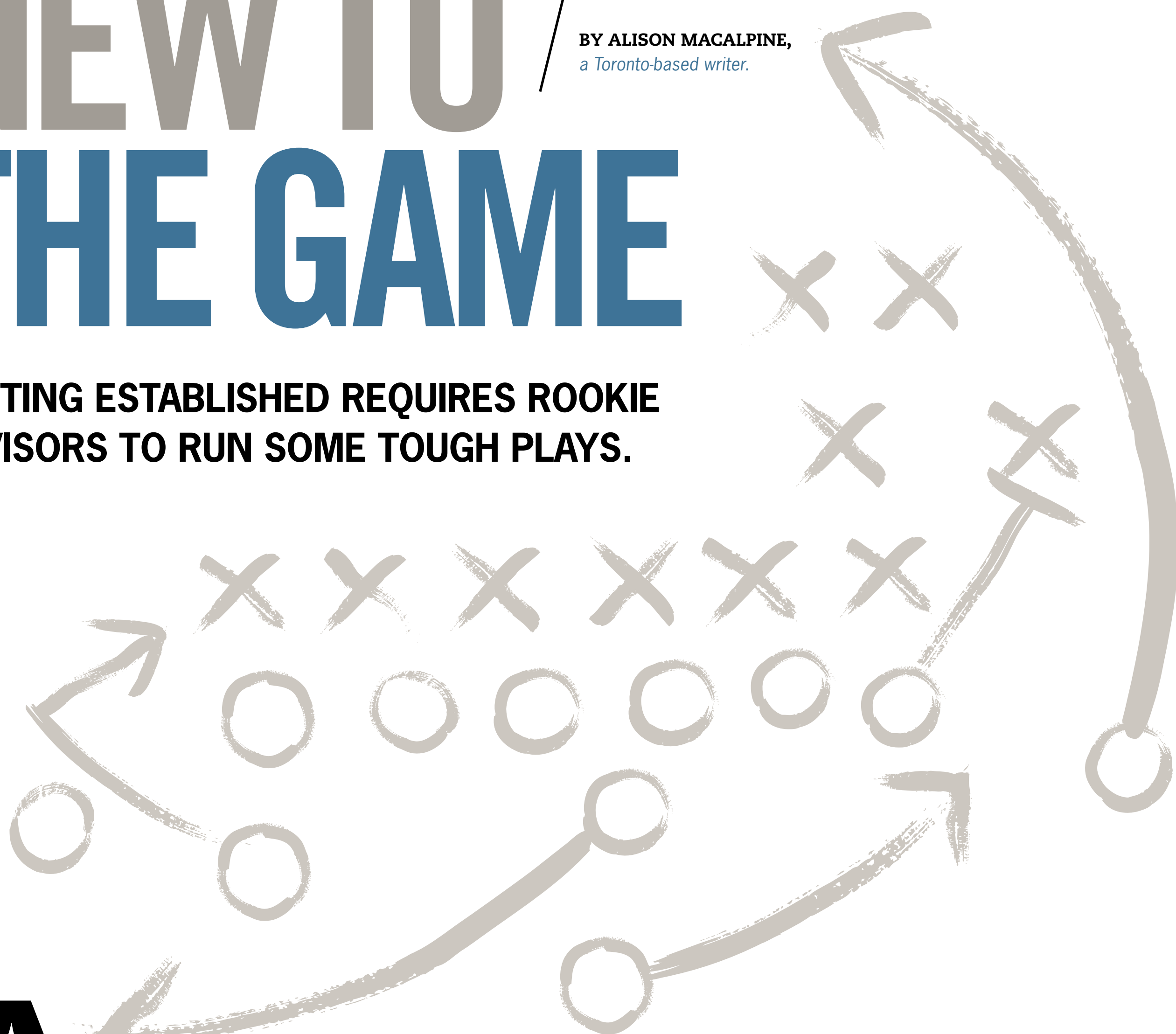
GETTING ESTABLISHED REQUIRES ROOKIE ADVISORS TO RUN SOME TOUGH PLAYS.



A financial advisor's first 10 years in business can be precarious. You're learning the ropes, working around the clock to find clients and struggling to decide where to direct limited cash flow to grow your practice. In the back of your mind may be lingering questions about whether you made the right career choice and whether you will, ultimately, reach the levels of success and income you want. And then there are the grim statistics.

"Eighty percent of the people who start in the business don't make it past the first five years," says Mark Halpern, CFP, president and founder, illness-PROTECTION.com Inc.

But it's also true that good things come to those who persevere. While becoming a client-facing advisor has its challenges, the objectives are reachable for those driven to achieve and those who possess more than a little desire to help people build and protect their assets.

And perhaps it's a blessing that success doesn't come too easily. After all, this is an industry where new entrants are thrown quickly into a world where they have access to and influence over other people's money. If ever there was a line of work that demands a thresher to separate the wheat from the chaff, this is it.

New advisors also need guidance. Finding the right mentor can be the difference between success and failure — and what's more rewarding for those who have achieved high levels of success than to share knowledge and bring along the next crop of planners?

It's in that spirit that we asked experienced advisors to share their secrets of success. What gave them staying power in a competitive industry? What do they wish they'd done differently when they were just starting out? And what advice do they have for advisors following in their footsteps? Here's what they told us.

LESSON 1

Begin with your "natural market" —but move on quickly

"When I first came into the financial planning industry, I thought, 'Who's my natural market? Who are the people I worked with in the past? Who do I have an existing relationship with?'" says Jeanette Brox, CFP, senior financial advisor, Investors Group. "Rookies should recognize they have natural warm markets. They may have clubs they're involved with or associations and causes they feel passionate about."

The key, she suggests, is to find like-minded people, because this helps build long-term relationships. To expand beyond her natural market, Brox did some cold-calling, but she found it was more effective to prospect face-to-face at tradeshows, seminars within corporations and booths in malls. She also aggressively pursued clients' family members, building a multigenerational practice filled with family trees.

But her first big break came from a tradeshow. She met a prospect who was a businessman and booked an appointment with him. She joked with colleagues that she should take along a grey wig so he'd take her more seriously. But he thoughtfully considered her services—despite her youth—and invited her back.

"After three appointments, he gave me a cheque for $300,000, which was a lot of money in your first four years in the business," she says. "He's still a client. So are all of his children and grandchildren!"

Bob Thompson, financial advisor, regional leader and field trainer for Edward Jones, agrees the most successful way to prospect is to approach people at businesses or in their homes. Advisors new to the game, he says, should be looking to get a name, a phone number and a reason to come back.

When Thompson came into the business fifteen years ago, he had no experience in equities or sales. With 20 years spent working for Ontario Hydro, his background was unmistakably engineering. But a veteran who mentored him through his initial years assured him anyone who makes 2,000 prospects (face-to-face contacts) in the first 12 months cannot fail. Thompson took the advice seriously and met most of his 2,000 in the first six months of prospecting.

His mentor also told him not to concentrate on family and friends: "They come to you after you've proved you're successful."

Ron Harvey, CFP, IPG Ottawa Central, couldn't agree more. He too underscores the importance of moving quickly away from the limited list of people you already know.

"You typically think you're going to start with friends and family," he says. "They could be the hardest clients to work with. They'll help you get a base of assets to begin with, but you have to treat them as a professional and a client, not your golfing buddy, hockey buddy, mom, dad, or brother."

How did Harvey expand his client base? Talking to people in his network of professional associates was very helpful.

"They may never be your clients, but they might know somebody who might want to talk to you," he says. "Don't get too excited to make the sale . . . If it's just the sale, you'll get paid, but you haven't developed any relationship with the person so they just become a trade ticket. To be successful, you don't want to do that."

Thompson warns there could also be rejection along the way. "If you take it personally, it's going to eat you up."

He recalls when he was a rookie making cold calls and knocking on doors, he happened to press the doorbell and a young woman, probably in college, answered. "I suggested she could start investing, even if it was $50 a month. She was interested. But her father barged into the conversation and said I was talking with someone who didn't have two nickels to call her own. The young lady was embarrassed. A month later a client who lives two doors down from this family told me, 'you've got to talk to the wife, she's got the money.' So I went back."

Thompson never did make the family his clients but he learned how not to take things personally and to stay persistent. "You might hear no many times, but surprisingly they're just testing you for the most part. But if they tell you in no uncertain words never to come back, obviously you don't follow that lead—you want to be persistent, but not a nuisance."

When he was starting out, Halpern bought bench ads and print ads—but not because he thought they'd make the phone ring. It was an effort to build credibility and name recognition, and it's a strategy he recommends.

Halpern adds if he were starting all over again, he'd develop a strategic relationship with an advisor in his 50s or 60s, providing a complementary set of products—say, living benefits—and sharing the client base with the more experienced advisor. The advantages are an established core of clients, mentoring and the possibility of becoming part of the other advisor's succession plan.

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LESSON 2

Find wise mentors and listen to their guidance

"The first decade is an apprenticeship period," says Brox. "If you can, develop a relationship with a mentor in the industry—someone who can teach you and somebody who has pretty much seen it all."

It was a mentor who steered her toward her current career. At the time, she'd spent two and a half years working as an accountant in the industry, but she knew that wasn't where she belonged. She longed to have her own private practice and asked her mentor what he thought she'd be good at. He suggested selling, so she moved into the cellular industry, where she proved her sales and problem-solving ability and learned how to generate leads, close the deal and service clients.

That wasn't the end of her quest for an ideal career, however, and another mentor—her uncle, who was an accountant—suggested she explore financial planning. She was intrigued, so she studied for her insurance and mutual fund licences and began working toward getting a CFP.

"I've probably been a planner all my life, anticipating what the next thing would be," she says. "I should have been in this from day one, because even at Motorola people used to come to me with their tax questions."

Finding good mentors is Halpern's number one piece of advice to new advisors. Sometimes, that means going to great lengths—literally. A prospect raved about the integrity and professionalism of one particular advisor and Halpern decided to try to set up a meeting. He called the very experienced, very successful advisor and suggested coffee.

"He was very gruff with me," Halpern recalls. "He said, 'I don't have the time.' "

But, in the course of the conversation, he softened and suggested a meeting, on his terms.

"Sunday morning, 9:30. There's a track over in the Bathurst and Eglinton area," Halpern's future mentor suggested. "We'll walk and we'll talk."

Halpern laced up his running shoes that Sunday morning and, ten and a half miles later, he had earned the right to regular Sunday walks with the advisor, who ended up helping him make some key business decisions.

"We have a beautiful industry where people actually share their success stories," Halpern says. "How do [new advisors] get those mentors? How do they find out about them? They have to invest in themselves by going to events, going to conferences and becoming members of professional associations."

It doesn't matter how confident a rookie is, Thompson says he or she still needs a veteran because the prospect might not yet have the same confidence in them. "I suggest they talk to their client about the depth of their centres of influence or their firm if they have an affiliation."

LESSON 3

A recession may be the best time to start your practice

Ron Harvey started his career as a financial advisor in the fall of 1992 with the economy just coming off a recession. His prospects still had clear memories of the crash of 1987. Then 1993 started, markets began to recover and people got more excited about investing. The bond market correction in 1994 reinforced these feelings, and Harvey's business gained momentum.

"The toughest time to come in is when you've just had four years of great run-ups in the markets," he says. "Starting in 2006 would have been a lot tougher than in 2009."

Harvey does think he had it a bit easier than today's new advisors in that the Internet wasn't as prevalent, so people were much more likely to show up for financial planning seminars rather than simply searching online for information.

He adds, "Clients weren't as challenging, I don't think, to advisors as they would be today because they have instant access. You know, the 24-hour BNN data competes a little bit with what a client really needs."

Cynthia Kett, CFP, Stewart & Kett Financial Advisors Inc., also launched her own firm at the end of 1992—she brought an eight-year background in accounting and tax and two years of financial planning experience at another firm to the table.

"It was at the worst possible time," she admits, "I was starting with essentially a zero client base, so there were times when I thought, 'How am I going to make money at this?' "

Access to a reserve of cash helped see her through—she recommends having two to three years of cash flow available if you're striking out on your own. She sublet space with another company in a different industry and says not being alone all the time was good too. Most important was reminding herself she loved her work.

"I found it very rewarding," she emphasizes. "Not just financially rewarding, but professionally and emotionally rewarding. So I just hung on to that passion."

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LESSON 4

Know what you're good at and have a vision for your business

Advisors need a clear vision of what they want their careers to look like. A shotgun approach to developing a career never works. So, much like financial planning, a rookie advisor needs to start with an end in mind.

From the beginning, Kett says she focused on high-net-worth entrepreneurs, and adds a trap many rookies fall into is taking on any client who comes their way. It's better, she suggests, to determine when prospects are not a good fit before they become problem clients.

Harvey agrees new advisors need to discover a niche—something they're really good at, or a type of client who particularly benefits from their services.

Halpern created a niche out of critical illness insurance. He broadcast his expertise through direct marketing, telemarketing, radio advertising and public relations and attracted his target market of high-net-worth business owners and people over 50. To this day, the branding sticks — even though living benefits make up just 20% of his revenue.

"In the beginning, you see anybody and everybody about everything. You sell an RRSP for $25 a month, you sell a term insurance policy, you sell a disability policy, you do group, and you sort of throw everything on the wall," he says. "It wasn't until I started to really focus and have a very laser-like idea of what my mission is, and my branding, that things started to really rise to the top."

Harvey adds it's important to ask yourself where you want your business to be in six months, one year, five years or 10 years. He suggests having someone else—perhaps one of your mentors—review your business plan to make sure you're not setting the bar too low or too high.

And make sure your plan includes downtime for yourself.

"In this business, you can literally work seven days a week, 14 hours a day, which I probably did my first four years," Brox points out. Eventually she realized that wasn't a sustainable pace, stopped working weekends and started scheduling vacations roughly every three months.

All the advisors interviewed for this story ended up hiring an assistant so they could delegate overflow work, and it often happened around the sixth or seventh year. Harvey remembers a breakfast meeting he had early on with a fund manager who went on to run a fund company. His companion asked if he had an assistant and Harvey said he couldn't afford one.

The reply: "You can't afford not to have one, because you're either going to be an advisor or work for the advisor. Which one do you want to be?"

LESSON 5

Be patient — success doesn't come overnight

Commitment notwithstanding, suc- cess as a financial advisor is far from guaranteed and there will be dark moments in every practice. Those are the times to remind yourself why you entered the field in the first place, and stay motivated.

Thompson, who trains rookies in the Edward Jones Apprentice Program, notes, "If an advisor's struggling, we can usually tell in the first 10 minutes what the problem is. If they're unable to close an appointment on the phone, that's a skill we can teach them. But we can't teach them to pick up the phone."

As Kett says, "So many people have said, 'Follow your passion and the money will follow.' I truly believe that. When you find yourself doing work you love and find personally fulfilling, you're well on your way to being successful at it."

It's also important to keep looking forward, no matter what obstacles a business throws in your path. Harvey had to wait until his fifth or sixth year in business to be confident that he was going to be successful.

"That's when I realized this was the career I should have been in all along," he says, emphasizing that rookies need to be in the game for the long term. "You're not likely going to get rich quick. You have to plan to build your business for many, many years . . . It takes a lot of patience and tenacity to be successful in this business. It's a tough business, but it's a fabulous business."

Halpern agrees: "We're in the greatest business that's out there. We can make a good living with independent hours by helping people, by providing them with money when they need it the most. If you focus on the needs of the clients . . . you will never starve in this business. You will always be successful." AE

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