

GENERATIONAL SELLING TACTICS

Cam Marston



Don't let Gen Xers push you around

Their fear of being 'taken' makes them prone to trying to usurp your job as the professional

If a little information is a dangerous thing, many of your clients are rogue terrorists holding nuclear bombs. They have a little information and that's all they need to have big opinions about investing. It doesn't matter that their opinion comes from a sliver of content they gleaned from the newspaper or from the scrolling text at the bottom of the TV screen. Right or wrong, they now feel empowered and entitled to influence the way you do your job of investing their money.

Such was my attitude when I asked my adviser to gradually move me from actively managed mutual funds into index funds. I had seen enough of the same message repeated across all media: Index funds are cheaper, less risky, and more fruitful over the long haul. My adviser and her team acknowledged my request and said that where possible, they'd find index funds that reflect their own read of the market.

Then one day a trade confirmation popped up on my phone showing a big purchase of an actively managed fund — one I had dumped years ago due to poor performance. I had lost money in this fund and here it was again, in my portfolio.

Angry, I fired off a terse e-mail to my adviser — which I should not have done, since my emotions had taken over. She made no reply.

THIS TIME, IT IS ABOUT ME

This column is called Generational Selling Tactics because I offer understanding of generational dynamics to help advisers improve their client interactions and relationships. Usually I offer these insights with a studied and researched point of view. I don't write about myself. I write about research and what I've learned from it. Yet in this column I'm throwing myself into the content since what I did was very typical of my cohort group — Generation X.

Born between 1965 and 1979, Generation Xers have many qualities in common — some laudatory, some dubious. One quality that fits both is my generation's insistence on becoming an informed consumer. We don't buy; we stalk. We hunt the product or service and do our research. We Google everything we're shopping for. Our fear of getting "taken" feeds our need for information. Because of this, we often find deals for the things we want. As many times, though, we get buried in "analysis paralysis" and do nothing.

My request that my adviser begin moving me into index funds and away from actively managed funds was a perfect example. I had heard the information and checked out the details and found the arguments persuasive. But, in truth, my request of my adviser truly wasn't about active versus passive. The underpinnings of my request were, essentially: "Who's in charge here? Me or you?"

As a Generation Xer, I'm typical of my peers when I state that I insist on, demand and expect a stake in the decisions made on my behalf. My generation drives physicians nuts with our insistence on self-diagnosis through WebMD or multiple vaccinations for our tots (or none at all, for fear of harmful preservatives in

the medicine). An auto manufacturer once told me that its Gen X buyers spent 16 hours researching a new vehicle before ever test-driving. We want information and a sense of control. As an adviser to this generation, you can count on them having some well-formed opinions of you; whether they are based on accurate data or not is unimportant to them.

NEW TYPE OF RELATIONSHIP

This is a new relationship model for advisers who deal primarily with

baby boomers. The generation immediately prior to Gen X, they bought in to an adviser's expertise based on tenure and reputation. The boomer gave control of his or her investments to the expert with the attitude of "This is your business, you're the professional, do what you think is best." Rare is the Gen Xer who gives away control in a similar way. They expect a partnership in which they have some meaningful input and they test that

partnership, just as I did.

Advising Generation Xers will result in a lot more client communication and some of this communication will be directives usurping your expertise. Be prepared to stand up for your opinions.

And that's precisely what my adviser did. I finally called her to have the difficult conversation that I knew was coming. She gave me her reasons for her decisions and they

were bona fide. I asked her if she viewed our relationship as a delegation or a partnership. "It's both," she said. "You're the customer and I react to your demands, but there are times you must trust my team and my expertise, or I can't do an effective job for you." Agreed. Mea culpa.

Incidentally, her fund choice is doing quite nicely.

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