GENERATIONAL SELLING TACTICS

Cam Marston

Tips for attracting younger investors

Focus initial discussion on the prospect's promising life span, not the adviser's storied past

Financial advisers spend a good deal of time and energy looking at data about the next generations, including tidbits about population sizes, investible assets and loyalty factors.

Yet with all those data within reach, few actionable suggestions are provided about how to attract the younger generations as clients.

Let's look at some specific tactics that will have an immediate impact on advisers' attempts to work with younger investors, who, while slow to accumulate wealth, are expected to receive substantial inheritances in the not-too-distant future.

Multiple surveys show that Generation X and Millennials — collectively, those individuals younger than about 48 — are skeptical of the value and virtuousness of financial services providers.

CREATE A TIMELINE

One way that advisers can help these investors understand how a professional can help them is by creating a timeline showing the average life span of a 25-year-old. To cover the longer side of a typical life expectancy for individuals born in 1988, go out 60 years.

Mark out the average initiation of traditional life stages: education (20s); marriage (average age 28); career start; children (late 20s to early 40s); first and "forever" home purchases; college financing (mid-40s to late 50s); empty nest (late 40s to early 60s) and retirement (65 to 72).

Many of these events will overlap, but try to keep it fairly simple. The goal is to create a framework for discussing how important financial decisions intersect with typical life events. Then, help your prospects visualize those events as they relate to their own life plans.

Working alongside the prospect, customize the timeline. Mark where the prospect is on the continuum.

Now, begin marking the timeline with points where significant financial decisions occur in a typical client's lifetime.

For example, at the career start point, indicate that 401(k) decisions come into play.

Identify typical mortgage start and end points.

Highlight where life insurance and trusts become more important.

With each mark placed on the timeline, advisers should explain the reason for the event, why the event may occur at a specific life stage and how they would work with clients to help them through each event. Advisers should indicate where they offer free advice — picking a mortgage, for example — and where they charge for services, such as setting up a Roth individual retirement account.

Transparency is important for the next generations.

Advisers should show their young prospects that there are many life chapters, and that they, as professionals, can serve them differently, according to their needs at the time. Each description of the services that the adviser offers needs to be focused on how they help improve the client's future.

Advisers should avoid providing too much detail when a simple explanation will do, and be prudent when telling stories of others they have helped. The focus should be the prospect's promising life span, not the adviser's storied past.

For archived columns, go to InvestmentNews.com/generational

This next tactic for attracting the next generation of investors focuses on understanding a generational perspective and tapping into trends.

Credit for this approach goes to Tehrrek Fitzpatrick, managing director of Dicker Fitzpatrick & Associates of Santa Monica, Calif., who was challenged to create an environment that attracts and retains top adviser talent while appealing to younger clients.

For example, at his firm, clients are offered a drink menu with items ranging from Red Bull and espresso to bottles of water. Multiple iPads, set to browse a variety of magazines, are available to clients waiting in the lobby.

Traditional art installations have been replaced by a silhouette of the Santa Monica skyline, painted on a surfboard.

The entire experience at Dicker Fitzpatrick becomes something that the adviser can boast about and one that makes a distinct impression on the client.

WORD OF MOUTH

According to Mr. Fitzpatrick, referrals and word-of-mouth publicity have come easier since the shift.

This is just one example of creating an experience and a conversation that invites the next generation of investor to engage with a firm. Advisers should use the data that they glean to look at their businesses with a fresh perspective to start seeing opportunities to demonstrate value to a client base that is full of potential.

Cam Marston (cam@generationalinsights.com) is president of Generational Insights.