

LOL Jennifer's \$41 Trillion Inheritance



Zero in on Alabama's changing demographics.

By Cam Marston / Photo by Catherine Dorough

Recently, my parents had their air conditioner repaired by the same man who has been servicing their home for as long as I can remember. After he finished, the technician gave my father a few of his business cards and asked him to pass them on to his kids. Rather than assuming that he would “inherit” us as clients, he took the time to do some cross-generational marketing. It was a small step on his part but an important

ties, who march to the beat of their own drummers. I recently came across some eye-opening statistics that starkly illustrate this point. Analysts say that the Baby Boomer generation in the U.S. is expected to pass \$41 trillion dollars to their heirs, largely the Millennials. However, 80 percent of the inheritors of that wealth expect to use different financial advisors than the ones their parents used. That means that a huge amount of wealth will pass from one generation to another, but the financial advisors who worked hard to help build and transfer that wealth will be left out in the cold.

Obviously, that poses a threat to an entire generation of advisors, but it also presents an enormous opportunity. One would expect advisors to be actively developing relationships with future heirs, but most are doing very little to court

52- to 54-year-old white male. His target market is people like him, about his same age and with similar backgrounds. That's his “comfort zone.” So when Michael thinks about new clients, he usually thinks about people like himself, with whom he can easily connect.

On the other hand, the children of Michael's clients, mostly Millennials, may seem alien to him. Consider a hypothetical 28-year old, “Jennifer” (the most popular girl's name in Alabama in 1983). She comes from a generational culture that is foreign to Michael, even if he has known her parents for a long time. She may have a tattoo somewhere and prefers to communicate with her thumbs (texting) versus face-to-face. Though Jennifer might be in line for an inheritance from her parents, the thought of trying to court her as a client so intimidates Michael that he'd rather pursue someone like himself as a new customer than someone whom he already has a small relationship with, through her parents. He'll gladly take a cold call over a warm lead if the warm lead is someone who makes him uncomfortable.

And the feeling of disconnection may be mutual. Jennifer may have rolled her eyes because Michael's office doesn't recycle paper or offer free Wi-Fi for clients. She will likely look for an advisor who shares her values when it's time to manage her inheritance. It is human nature to gravitate to like-minded people or to similar organizations. But diversifying outside your own “comfort zone” has a big upside for any kind of business, if you're brave enough to try it.

Most people making buying decisions today are members of the Baby Boom generation. Born between 1946

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Reaching out to the next generation of clients is crucial to the survival and growth of any business. Now more than ever, no business can assume that younger generations will make the same choices as their parents' and grandparents' generations. In fact, they probably won't. This is definitely true of the Millennials, now in their teens and twen-

the next generation. Why? Well, like most of us, financial advisors are more comfortable when working with people like themselves, members of their own generation.

Let's consider a hypothetical, but typical, financial advisor. We'll call him “Michael,” because that was the most popular boy's name in Alabama in 1957. Like the average financial advisor, he is a

AUGUST

FOCUS: Public Companies

SPOTLIGHT: Lee & Russell
Counties

LISTING: Public Companies,
CEO Paychecks

SUPPLEMENT: Alabama
Aerospace Industry/
Best Companies to Work for in
Alabama

September

FOCUS: Higher Education

SPOTLIGHT: Tuscaloosa
County

LISTING: Public 2 & 4 year
Schools/Independent Col-
leges

SUPPLEMENT: Distance
Learning

October

FOCUS: Construction

SPOTLIGHT: Tallapoosa &
Chambers Counties

LISTING: General
Contractors/Subs/Architects/
Engineers; Credit Unions

SUPPLEMENT: E-commerce
& Telecommunications/
Credit Unions

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and 1964, they represent 24 percent of the U.S. population in 2011. By 2021, they'll represent just over 20 percent of the U.S. population. This is Michael's generation, but, if Michael wants to build his business and make it attractive for sale to a younger financial advisor someday, Michael can't rely entirely on a generation of clients that will soon be on the decline.

The Millennial generation, Jennifer's group, comprises nearly 29 percent of the U.S. population today. By 2021, her group will still represent around 28 percent of the population and will begin to inherit that \$41 trillion from their parents. Michael cannot afford to ignore numbers like that. So, what does Michael need to do to reach Jennifer's massive generation of affluence?

First, and most obviously, Michael needs to start meeting his clients kids. He should make it his business model to meet the next generation, the heirs. Upon meeting them, he should avoid traditional sales tactics. Millennials don't like to be sold. Rather, Michael's role is to educate Jennifer and her peers on what he does and why it is important. Traditional selling will alienate them. Becoming a trusted resource will encourage them to return.

Next, Michael needs to meet Jennifer and her peers where they are. The Millennial generation moves in groups, or packs. Michael needs to learn where these groups are and get in front of them. Hold a simple focus group at the office and gather information about who goes where, when they go there, and why they do it. Then come up with a credible way to get into that space.

Of course, they are also online, on smart phones, and on social media sites. Michael is probably familiar with traditional networking, such as asking customers for referrals. Jennifer's generation has made referrals and networking into social activities. When something appeals to them, they click the "Like" button on Facebook and other websites for all of their friends to see. Michael needs to make sure he has a place online where his "Like" button can get clicked. Having a presence on social media sites is easy and cheap, or even free, and is now as essential as having a web page or email address for your business.

Today the Baby Boomers are still the predominant buyers in most marketplaces other than entertainment. They have influence and affluence and will have it for a long time to come. But this very predictable transfer from the Boomers to the Millennials is something you now have time to

get out in front of, to prepare for. (Sorry, my Gen X peers, we're passed over again, too small a generation to be considered of any significance here.) You'd be considered a fool if the sunrise or the change of seasons caught you off guard. These are predictable events. So is this transfer of affluence to the Millennials. You have no excuses.

Cam Marston studies demographic shifts in the marketplace and works with clients to prepare for the changing generations of buyers and their preferences. If your clients are looking weathered, weak, thin, tired, boney, pail, frail and wan, call him and he'll put you in front of an oncoming train of opportunity: 251.479.1990.

