Delivery, Service the Plan, and a Basic Marketing Plan

Learning Objectives

An understanding of the material in this chapter should enable you to

7-1. Explain the steps that will help achieve the objectives of a good policy or contract delivery.
7-2. Identify the cost of a lapsed or cancelled product to the client, the company, and to you.
7-3. Explain the monitoring process and its role in client building.
7-4. Describe and explain the importance of the multiple service level strategy of providing service to differentiate your clients.
7-5. Describe how to create a basic marketing plan.
7-6. Summarize the role of compliance, regulation, ethics, and professionalism in the financial advisor’s marketing activities.

This chapter begins by looking at the last task of plan implementation (Step 7 of the selling/planning process) for some financial products: delivering the product. When applicable, the delivery of a product is an excellent opportunity to lay the foundation for the eighth and last step of the selling/planning process: service the plan. The chapter then examines how to service the plan with the objective of creating and retaining clients, increasing referrals, and enhancing the advisor’s business. The chapter closes with a look at applying the concepts described in this textbook to create a basic marketing plan that utilizes the target marketing strategy.

POLICY OR CONTRACT DELIVERY

Helping new prospects properly address their financial needs is always satisfying, but providing service to existing clients to keep their plans current is often the most professionally and financially rewarding part of the job. The purpose of delivery of a policy, contract, or plan is an important step in
laying the foundation for future service contacts with a new client because it can achieve three objectives:

1. *It can reinforce the sale by reemphasizing the objectives of the purchase.* New clients who clearly understand how the product meets their needs will be less likely to let it lapse or move their accounts to a competitor.

2. *It can help the advisor gain the new client's trust, and it sets expectations for future service and repeat sales.* Set the expectations and schedule for future services such as periodic reviews of their insurance, investment, or financial plan. In addition, you can discuss other immediate or future needs identified during the selling/planning process. This may lead to follow-up sales or lay the groundwork for them down the road.

3. *It can offer another opportunity to obtain referred leads.* A satisfied new client can be your best source of referrals. What better time is there to ask for the names of people, for whom your services and products might also be of value, than at policy delivery?

Accomplishing these objectives involves more than simply handing over or mailing the financial product, or completing required paperwork. The steps of an effective delivery involve managing the issuance process, preparing for the delivery, executing the policy or contract review, establishing expectations for an ongoing relationship, and asking for referrals.

**Managing the Issuance Process**

For insurance products, there is an issuance process, namely underwriting, which results in a delay between the closing of the sale and the receipt of the product. Note that during this interim, the prospect is often referred to as an applicant and not a new client, as the application may be denied by the company or not accepted by the applicant.

Sometimes a similar delay may occur for investment and other financial products as well. However, for investment and other financial products, prospects move directly to a new client classification.

Regardless of which type of product is involved, it is critical that the advisor monitors the issuance process and takes appropriate action as needed.

**Insurance Products**

Managing the issuance process for insurance products begins with communicating reasonable expectations during the closing interview. Let applicants know what to expect in terms of any contacts, exams, and so on related to the underwriting process. Also, provide a timeline if possible.
Monitor the underwriting process and keep the applicant informed throughout, especially if there are delays in issuing the policy. Contact the applicant at various appointed times in the process to communicate the status of the application and whether additional information may be needed. For example, if an attending physician’s statement (APS) or a physical exam is needed, communicate this requirement to your applicant so he or she will feel a part of the process and will not be surprised. Remaining actively involved during the underwriting process demonstrates you are not so eager to sell your next case that you cannot be bothered with your applicant’s present situation.

When you receive the policy, review it to make sure it that the policy type and amount of insurance are correct. If any changes have been made, such as a rated premium or an exclusion rider, be sure you can explain the situation to the applicant. Check the accuracy of the applicant’s information, premium amounts, mode of payment, beneficiary designations, and optional benefits. The policy will need to be amended (corrected) if a mistake has been made.

**Investment Products**

Occasionally, investment products may take several weeks or even months to be processed and placed. For example, a rollover of funds from a 401(K) into an IRA may be delayed by the custodian of the 401(k). That custodian may require specialized forms, signed by the customer, to authorize the rollover. Tax-free exchanges (for example, 1035 exchange) may also be delayed. You should ensure you have an adequate follow-up system to track the process and personally intervene when unexplained delays occur. As with insurance products, inform the new client when delays are encountered.

**All Products**

If you have not already done so, update the new client’s contact record with pertinent information about the policy or investment product in your records. Do not let this important work backlog—do it as it comes across your desk. Note any important information regarding contacts, activities, and services rendered to the client. Describe any agreements you made with the client such as future meetings or the respective responsibilities of the client or yourself. In addition, for marketing purposes, indicate the target market to which the new client belongs as well as the financial and emotional reasons for buying the product.
Preparing for Delivery

As you prepare for delivery, here are a few important tasks to complete. Note that from this point on, we will refer to the applicant/new client as a client.

Tie Up Loose Ends

If you promised your client you would contact another advisor, or speak with a lawyer or accountant, be sure to follow through. Prepare a brief report on your follow-up during the delivery interview. The same holds true if your prospect gave you a referral during the sales interview, suggesting that you contact the person soon. Do not put it off until it is convenient. Follow up on the referral before delivery. If the matter was important enough to your client to bring it to your attention, show that you thought it was important too.

Call for an Appointment

Determine how much time you will need to explain the product, to establish expectations for future service, and to get referred leads. Call the client for an appointment to deliver the product. The amount of time needed for the appointment will probably be less if you are delivering one product or if you are dealing with an existing client. When delivering more than one product (or a financial plan) to a new client, you will want to take more time to review the reasons for the purchase (or the details of the plan). Plan the meeting accordingly so that you are not rushed.

Add a Few Professional Touches

A few professional touches go a long way. A product portfolio or policy wallet is an inexpensive way to add flair to your delivery. It gives the client a place to keep the product and related information, and provides a place for your business card for future reference. A large portfolio will do the above and provide room for other financial and insurance products that the client owns or may buy from you in the future. Insert the policy, your business card, and any other information you wish to include before the appointment. Do not do it in the car at the last minute.

Include Any Required Information

Check with your company to see what is required for an insurance policy or investment product delivery. For example, you are required to include the illustration of an issued life insurance policy. A new illustration is required if
the policy issued differs from the one for which the client applied. It must comply with state and company delivery requirements.

Investment products are closely regulated, and client-approved pieces are normally included in the investment contract or portfolio statement. You must know and follow your company’s compliance procedures. Be sure that all handouts or information piece are compliance-approved.

**Add Backup Information**

Product review checklists or summaries can be printed on letterhead, or may be provided by your company. These can be inserted in the portfolio or policy wallet. Checklists, summaries, and illustrations will be very useful in reviewing the product that was purchased. All of this backup information serves to reinforce the purpose and need for the product. Use your strongest materials that communicate your expertise, your caring attitude, and the other services and products you provide.

Other useful support items include your company-approved consumer information brochures, a list of service suggestions, and information on claims procedures (for insurance products) that will be valuable to the client and family members. Some advisors also recommend including a copy of the company’s annual report, explaining in the interview, “Now that you are one of our clients, I thought you’d like to know a little more about the company and its operations. Here’s a copy of our latest annual report.”

Check with your company to see what types of compliant support materials are available. Goodwill items, like company calendars and pens can add a personal touch to your message saying, “I care about you and appreciate your business.”

**Practice Your Presentation**

Once you have put your delivery package together, outline what you want to say and rehearse the presentation. Make it smooth and professional. Plan ahead to set the stage for future sales to cover needs discovered but not yet addressed. Consider how you will ask for referrals.

When you have prepared your presentation, make a short list of items (an agenda) you plan to cover; take it to the interview and use it to keep yourself on track. By preparing well and rehearsing in advance, your presentation will be smoother and you will be less likely to forget to cover an important point.

**Executing the Policy or Contract Review**

The last step for an effective delivery is to execute the policy or contract review. Reviews involving insurance policies tend to be more involved than those involving investment contracts. This section will look at conducting an
involved policy review for life insurance products, as well as a contract review for an investment product. This section closes with a look at reselling the need, if necessary.

**Review the Policy: Life Insurance Products**

*Explaining the Policy as Valuable Property.* A life insurance policy is property with a value that goes well beyond the face amount of protection. Since the life insurance policy is valuable property, point out that dropping a policy and replacing it with another is generally not a good practice, and it can be a costly one. The policyowner would have to pay the start-up costs again, including a new sales commission, and would be starting a new contract at an older age.

Ask your clients to contact you if another advisor attempts to sell them additional protection or tries to induce them to drop the protection they own. Remind them that you have done your best to review fully their life and health insurance needs. Let them know that you would be happy to discuss the opinions of another advisor who might suggest that a different approach or product would be more suitable to their needs.

Inform your clients if your state requires a policyowner to sign a special replacement form when a policy is sold to replace an existing policy (check your state and company requirements). Advisors who attempt to replace life insurance policies without submitting the form are violating state regulations.

*Meeting the Delivery Requirements.* States have adopted policies promoted by the National Association of Insurance Commissioners (NAIC) in its Model Life Insurance Solicitation Regulation. This regulation provides a system of comparison and disclosure to which life insurance companies and advisors must comply. Compliance involves furnishing a “Policy Summary” and “Buyer’s Guide” at policy delivery (or before taking the application). Your company can provide these brochures and directions on their use.

*The Buyer’s Guide.* This brochure, prepared by the NAIC, presents basic facts about life insurance in a simple manner. It covers topics such as the selection of the proper amount of coverage, the differences between the main types of insurance (permanent and term), what the interest-adjusted cost indexes are and how they should be used, and a summary explaining that illustrative cost indexes are not the only consideration. Quality of service rendered by the advisor and the company are also important factors.

*Policy Summary.* This contains information about the policy. It shows premiums, cash values, illustrative dividends (if applicable), guaranteed death benefits, interest-adjusted indices, and the policy loan interest rate. Separate pages for each term rider are included.
Signed Illustration. The NAIC Model Illustration Regulation has become law in most states and policy in many companies. This regulation establishes guidelines for companies and advisors regarding the content and presentations of sales illustrations. The regulation covers all life insurance products except face amounts under $10,000 and variable life. It requires that an illustration matching the issued policy be presented to the customer. The advisor and policyowner must sign this illustration; one copy is given to the policyowner, one is returned to the company, and one is retained in the advisor’s client file.

Delivery Receipt. Most companies and some states require that the advisor and customer sign receipts upon policy delivery. This form typically contains information regarding guaranteed and non-guaranteed elements in the policy and information regarding proper policy delivery. The client and advisor sign and retain one copy each; another copy is returned to the insurer.

Client File. A client file must be kept as long as a policy is in force. After a policy is no longer in force because it has lapsed, was surrendered, or a claim was paid, a file must be kept for five to eight years, depending on your jurisdiction. When litigation or other disputes occur, files should be kept even longer. Individual companies and states may have their own rules for documents to be maintained in files, but these are the typical requirements:

- complete illustrations, including signed NAIC illustrations
- all sales materials used in solicitation of the sale
- fact finder and related materials
- replacement forms and related materials
- copy of policy delivery receipts
- contact sheet used to keep records of the dates and content of all client contacts
- substantive correspondence concerning contractual changes or concerns of client
- no original documents should be in the file, especially signed, blank documents

Check with your company for its specific requirements.

Review the Contract: Investment Products

Thoroughly review the account statements related to the investment product. Make sure the customer knows how to read the statements and when to expect future statements. If they have any problems, ask them to call your office— not the home office of the investment company.
Resell the Need—Rekindle the Motivation

A delay between closing and delivery provides time for buyer’s remorse to occur, in which a new client wonders if he or she made the right decision. Be prepared to address potential doubts by reestablishing the need for the purchase, and rekindling the motivation for addressing the need.

After some opening pleasantries, begin reviewing your client’s objectives and financial situation as discussed in the fact-finding interview. Check for agreement.

Reestablish the shortfall between existing benefits and immediate or future needs. Illustrate again your proposal for filling this gap in cash or income requirements. If appropriate, revisit your discussion of the long-term nature of insurance and investment products, and carefully review surrender charges, annual fees, and free withdrawal amounts.

Review the product and show why it will perform as you said it would. Your purpose is to help the client recapture the sense of urgency that led to the purchase decision. The amount of detail you use will depend on several factors:

- the length of time since the closing interview
- the client’s personality
- the product and whether it is meant to satisfy a single need or is part of a comprehensive financial plan
- whether you are dealing with a new client or an existing one

In some situations, the financial product you are delivering may be just the first of several to meet the various needs and objectives detailed in the financial plan. Show your client exactly where this product fits into the big picture and how subsequent additions will help complete the overall plan.

Establishing the Expectations for an Ongoing Relationship

If your new clients feel good about their purchase and about you, they will feel committed to both their plan and to you. In turn, you must make a commitment to be there to monitor and service the plan. Product delivery is the time to set the stage for a solid, long-term relationship by selling your customer on the idea of becoming your client. You can do that by explaining the difference between a customer and a client, describing the services that you offer, and agreeing to expectations about your ongoing relationship.

Explain the Difference Between Customers and Clients

The term client is often used to refer someone who has purchased an insurance or other financial product. In fact, we might also refer to them as a
customer. Are the terms *customer* and *client* interchangeable? For the purposes of writing about how to market financial products, we use them interchangeably to keep things simple. However, there is a difference you can use when establishing the terms of your ongoing professional relationship with a new client.

According to the Merriam-Webster dictionary, a *customer* is “one that purchases a commodity or service.” A *client*, on the other hand, is defined as “one that is under the protection of another; a person who engages the professional advice or services of another.” It follows then that all clients are customers, but not all customers are clients. Clients are customers who follow your advice consistently, buy from you again, and refer you to others.

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<th>Customer or Client</th>
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<td>What do people who have purchased your products and services say about their relationship with you? Do they consider themselves customers or clients? What do people working in your agency say? Are they busy getting new customers or committed to developing clients?</td>
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A customer buys a policy from you, but a client is different. A client seeks your advice on coverage. A client respects your time. A client responds promptly to your request for information. A client may occasionally take quotes, but when he gets a lower price, he asks you why. A client does not expect you to personally attend to all the details of his or her account. A client values your opinion. A client pays bills on time. A client sends you referrals.

There is a big difference between a customer and a client. Every advisor must be able to recognize the difference and then find ways to turn customers into clients. The rewards are a stable book of business and quality referrals.

The key to converting customers to clients is the ongoing service and relationship building you provide. It means establishing the service you will provide and the standards to which you will commit yourself. Then you must fulfill or exceed those promises of service. Frequent contacts and updates are necessary, and these entail more than simply responding to customer service requests. As clients grow, the advisor grows, and more doors are opened through referrals and the development of clients’ other financial needs and wants.

Take the time with new customers to explain the difference between a customer and a client. Point out the ways they would benefit from working with you, such as the professional advice and the convenience (if you sell multiple products). Indicate your intentions to keep the commitments you make in delivering quality and professional service. That will give you the opportunity to describe the services you offer.
Describe the Services You Offer

For new customers, begin by explaining the services you provide in terms of changes he or she may want to make to the policy or contract. Tell customers that you are only a phone call away and will respond to them as soon as possible. Let them know you will ensure that any action completed by agency personnel or the home office is followed up in a timely manner.

Then describe the annual or periodic review that you recommend and offer every 12 to 18 months. Explain the process and its importance. In addition, clearly state the benefits to the customer.

Finally, take time to review other products and services you provide. This includes educational seminars and other complimentary services that you offer your clients. An example is helping clients understand their Social Security benefits.

Agree Upon Expectations for Your Ongoing Relationship

Common expectations of a strong client relationship dictate that neither the customer nor the advisor should expect surprises. Take the time to ask the customer about his or her expectations for an ongoing relationship. What does he or she want in an advisor? It may be that the customer does not want a client-advisor relationship. Knowing this will help you determine the level of service the client expects, and you can adjust accordingly.

Before leaving, set a date for the annual review. Mark it on your calendar and ask your customer to do the same, making it a mutual commitment to meet even if the date is changed. As you leave, thank your client for the confidence he or she is placing in you.

Asking for Referrals

Product delivery is one of the best opportunities you will have to ask a new customer for referrals, especially personal introductions. Your new customer is satisfied with the purchase and may even feel grateful toward you for assisting in the process. However, your business will wither on the vine unless you are able to add new names to your prospect pool.

Many advisors get about 60 percent of their business from their present clients and from referrals by these people. That statistic supports the value of client relationships and setting the stage for future sales at delivery. It also underscores the importance of referred leads to your ongoing career success.
### Relationships are Everything

By Brian Tracy

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<th>Your Foundation For Success</th>
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<tr>
<td>Relationship selling is the core of all modern selling strategies. Your ability to develop and maintain long-term customer relationships is the foundation for your success as a salesperson and your success in business. Relationship selling requires a clear understanding of the dynamics of the selling process as they are experienced by your customer.</td>
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<th>Propose A Business Marriage</th>
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<td>For your customer, a buying decision usually means a decision to enter into a long-term relationship with you and your company. It is very much like a &quot;business marriage.&quot; Before the customer decides to buy, he can take you or leave you. He doesn’t need you or your company. He has a variety of options and choices open to him, including not buying anything at all. But when your customer makes a decision to buy from you and gives you money for the product or service you are selling, he becomes dependent on you. And since he has probably had bad buying experiences in the past, he is very uneasy and uncertain about getting into this kind of dependency relationship.</td>
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<th>Fulfill Your Promises</th>
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<td>What if you let the customer down? What if your product does not work as you promised? What if you don’t service it and support it as you promised? What if it breaks down and he can’t get it replaced? What if the product or service is completely inappropriate for his needs? These are real dilemmas that go through the mind of every customer when it comes time to make the critical buying decision.</td>
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<th>Focus On The Relationship</th>
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<td>The reason why choosing the right career, why doing what you love to do is so important, is because unless you really care about your work, you will never be motivated to persist at it until you become excellent. And until you become excellent at what you’re doing, you can’t move ahead.</td>
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<th>Build A Solid Trust Bond</th>
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<td>In many cases, the quality of your relationship with the customer is the competitive advantage that enables you to edge out others who may have similar products and services. The quality of the trust bond that exists between you and your customers can be so strong that no other competitor can get between you.</td>
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<th>Keep Your Customers For Life</th>
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<td>The single biggest mistake that causes salespeople to lose customers is taking those customers for granted. This is a form of &quot;customer entropy.&quot; It is when the salesperson relaxes his efforts and begins to ignore the customer. Almost 70 percent of customers who walked away from their existing suppliers later replied that they made the change primarily because of a lack of attention from the company. Once you have invested the time and made the efforts necessary to build a high-quality, trust-based relationship with your customer, you must maintain that relationship for the life of your business. You must never take it for granted.</td>
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<th>Action Exercises</th>
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<td>First, focus on building a high quality relationship with each customer by treating your customer so well that he comes back, buys again and refers you to his friends. Second, pay attention to your existing customers. Tell them you appreciate them. Look for ways to thank them and encourage them to come back and do business with you again.</td>
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There are reasons why delivery is a good time to get referrals. First, the atmosphere is relaxed. The decision to buy has been made and the tension is less than it has been for all concerned. Second, you have delivered the product, completed the buying process, and have reinforced the customer’s trust in your recommendations and the decision to follow them. You have established yourself as a professional who is committed both to future service and to earning the right to call the customer a client. Now, perhaps more than at any other time, the customer wants to feel good about you, and that means it is a good time to ask.

In the beginning of this textbook, we set our overall goal to be turning prospects into clients. The intermediate result is the creation of a customer—where the prospect has purchased a product but not bought you; that is, you have not yet been able to establish a client-advisor relationship. Each step in the selling cycle contributes to the creation of a client. You cannot have a client without creating a customer and you cannot have a customer unless you execute an effective insurance planning session. In the servicing step, your goal is to turn your good customers into clients who consistently follow your recommendations and enthusiastically recommend you to others. They believe in you and the products and services you provide.

This section will begin with the objectives and benefits of providing excellent service. Then we will examine how to monitor the plan through annual reviews. The discussion of service looks at differentiating service activities for clients, potential clients, and customers. This discussion will provide the background to examine servicing opportunities, and how to stay in touch with your clients.

Objectives of Service

Client building does not happen without providing quality service. As one top producer explains it, “I believe the essential factor for most of us in transforming a customer into a client rests basically with the type of service we provide.” By service, we mean two things. First, we mean the monitoring of the insurance or financial plan through annual reviews. Second, we mean responding to customers’ requests and providing some personal-touch optional services. Together, they work to achieve the following objectives of service as it relates to client building:

- to facilitate customer retention
- to obtain repeat sales and referrals
- to lower expenses
To Facilitate Customer Retention

A strong client relationship can help prevent competitors from replacing your business. In this competitive climate, service is clearly a necessary defensive strategy. Maintaining a high profile with clients through your various service activities and other contacts will help clients feel loyal and committed to the business you have done together. A customer who feels no such loyalty or commitment is not likely to think twice about accepting the next attractive proposal that comes along. Your retention will suffer unless you take steps to keep your clients in the fold.

To Obtain Repeat Sales and Referrals

Client building is also part of a smart offensive marketing and sales strategy as we see in the selling process. Experienced advisors report that as much as 75 percent of their new business comes from existing clients or referrals provided by these clients. If you are relatively new to the business, preoccupied with generating production and first-year premiums, or struggling to find a market, consider the difference it would make if most of your sales were to people who had already bought from you or those they referred. Remember that people have a tendency to refer those like themselves. If the client values your products and services, there is a good chance those they refer will also.

To Lower Expenses

Another consideration is the cost of developing clients. What are your marketing and sales costs for finding one qualified prospect and going through a multiple-interview sales process? Factor them all in: the cost of the lead, sales promotion, telephone, secretarial and mail expenses, other overhead expenses, automobile costs, meals, computer time, and presentation materials. Multiply what you get by the number of prospects it takes to make a sale. By being able to sell primarily to clients and people they refer, you can drastically lower your sales and marketing costs.

Monitoring the Plan—Annual Reviews

Monitoring is the servicing aspect that separates a financial product from a financial plan. Financial products are often thrown into a drawer and never reviewed. If the advisor does not follow-up, the advisor-client relationship and client-building process is defeated. Conversely, a financial plan is monitored and revised to ensure that it is doing what the client intends for it to do. Because of this important distinction, we have identified monitoring as a separate topic from the other servicing activities. It is the backbone of
client-building service activity. Effective monitoring is the key that professional advisors use to maintain their clients and continually improve their business. It distinguishes the professional from the stereotypical product pusher.

Monitoring should be a part of your basic service package offered to everyone who owns a product. What follows is an overview of what an advisor should monitor. It ends with a discussion of how to set up and conduct an annual review.

**Monitor Changing Needs and Circumstances**

A person’s personal and financial situation changes over time. Age, marriage, births, divorce, deaths, and other life events cause a person’s insurance and other financial needs to change. (Incidentally, the life cycle is one way to frame the need for monitoring.) We will review some of the more common changes here.

**Insurance Coverages.** First, there’s a need to check that any insurance coverage is adequate to protect the needs the client desires to protect. In particular, it means evaluating whether or not the insured has the right coverages and the right amount of those coverages. Changes in insurance coverage could occur for various reasons including the following:

- additional needs discovered but not insured. For example, the original needs analysis may reveal that the new client needs more life insurance or disability income protection than could be afforded at the time of the original purchase.
- additional needs due to life events. For example, the client may marry or remarry, give birth or adopt a baby, divorce, earn a promotion, or buy a new home. All of these events could trigger new insurance needs.
- amount of current need increases. For example, inflation may spike for several years, salary and expenses may increase, or the original need may have been underestimated. An increase in assets may indicate that a personal umbrella liability policy is needed.
- changing needs due to life events. For example, when the client’s adult children leave home the need for income protection may diminish, but other needs, such as long-term care coverage, may be more important. Becoming eligible for Medicare creates the need for Medicare supplement insurance products.

By updating a needs analysis periodically, you can help the client discover new needs, which could result in additional coverage.
Life Insurance Policy Values. For permanent insurance, there is a need to track cash values and policy dividends (if applicable) to ensure they are going to achieve any anticipated cash goals for retirement or other future goal. Here are two examples:

- interest sensitive products such as universal or variable universal life. Because of the fluctuating values, it’s important to look for times when the original cash goals may be affected by depressed interest rates or market values.
- traditional life insurance products with dividends. Dividends will need to be reviewed if paid-up additions are expected to help life insurance coverage keep pace with inflation. They would need to be reviewed if it is anticipated that they will be used to pay future premiums using the premium offset concept.

Life Insurance Type of Need. For life insurance, sometimes the type of need changes. Here are two examples:

- term conversions. A client may have purchased a term policy to cover educational expenses and at some point realizes he or she will probably have needs beyond retirement. Perhaps the client’s estate has grown or he or she would like to provide money for a charity.
- universal life death benefit option change. A client may find that his or her insurance needs have diminished and wants to focus on supplementing retirement income. If the client currently has a death benefit Option 2 (increasing death benefit), this is a time to consider changing to an Option 1 (level death benefit).

Automatic Transactions or Changes. The greatest client-building tool is honest communication. When automatic changes occur, communication with the client can help them adjust or perhaps take advantage of them. Here are some examples of automatic transactions:

- children’s term rider. Some companies will allow children insured through a children’s term rider to convert to a permanent policy without evidence of insurability. If this is the case, you have the opportunity to help a young adult get started with an insurance plan.
- term premium increase. If the client or customer has purchased a guaranteed renewable term policy the rates will increase at the renewal. This is an opportunity to explain the increase and examine conversion possibilities.
- guaranteed insurability options. If the client has purchased the guaranteed insurability rider you can help him or her take advantage
of it. Some life insurance policies allow for an early exercise of the option if someone gets married or has a baby. A client may not be aware of that or may not remember.

**Investment Needs.** Life events often affect a person’s need for various investment products or ability to fund them. Consider the following:

- A client’s graduation from college is a perfect opportunity to discuss the need to create or increase an emergency fund, or a savings plan to accrue funds for a wedding or a down payment on a house.
- The arrival of a baby in the household may indicate a need for education planning products such as a Coverdell education savings account or a 529 plan.
- A change of employers could create a need for a rollover into an IRA or Roth IRA.
- A pay raise may indicate an opportunity to increase regular investment amounts.

**Investment Asset Allocation.** An investment portfolio rarely remains constant over the years. It is important to review the client’s asset allocation for investment products to ensure it remains within the client’s risk tolerance. In addition, a client’s risk tolerance may change over time. For instance, as a client ages, it is appropriate to consider a more conservative asset allocation.

**Law Changes.** Sometimes the concepts used to sell the product may be affected by changes in laws. This would require monitoring to be sure that the plan performance will take place as anticipated; otherwise, changes may need to be made. Tax law changes often provide new sales opportunities. The most common areas impacted are income tax planning, retirement planning, and estate planning.

Tax law changes occur almost constantly, and you should keep abreast of them for opportunities and threats to yourself and your clients. Congressional acts commonly create changes in estate taxation and exemption amounts, income tax on capital gains, and income tax rates. Some changes occur automatically, such as annual contributions limits and deductible amounts for IRAs, which statutorily increase to keep pace with inflation. These changes are opportunities to talk with your clients about how they are affected.

**The Annual Review**

Without the annual review, the customer meets the Merriam-Webster definition of a customer: a purchaser of a commodity. However, a person
who responds favorably to an annual review is well on the way to becoming a client. Several key points regarding the annual review are outlined below.

**Set the Expectation.** Lay the groundwork early in the process; it can be as early as the first interview when you explain to a prospect how you conduct your practice and the services you offer. State that you help people uncover their insurance and financial goals, create and implement a plan to achieve them, and monitor their plan to make adjustments as needed. This helps the prospect understand how you intend to service their plan after it is implemented.

**Keep Good Records.** Record keeping is extremely important. An updated master folder and/or computer record will help you prepare for the annual review. Keeping good records will shorten your preparation time and provide a professional image. Make sure you record things like children’s names and ages, grandchildren, and so on. Some advisors also record personal interests to help them reestablish rapport. Also, keep any notices that contain pertinent information on things such as cash value, investment performance, and so on.

**Confirm the Appointment.** Call to confirm the appointment. You can let them know in advance to bring any documentation they may need. For example, if you were following up with a disability income plan, a W-2 and Social Security benefits statements may be needed. Some advisors send a preapproach letter reminding the client of the annual review service they offer. The advisor also follows with a phone call to set the appointment.

**Prepare for the Appointment.** If you have kept good records, preparing will be much easier. Refresh your memory by reviewing the needs analysis and any financial information, such as a budget, that the client provided you. Look at your interview notes to remember attitudes and values. Rerun projections of the client’s plan. This may involve running policy projection reports (illustrations on in-force life insurance policies), updating projected account values for investments, and updating pro forma financial statements (cash flow statement and personal balance sheet). Compare the projected values with current values and evaluate if changes are needed. Put together a list of areas where additional needs may exist.

**Conduct the Review.** Review with the client the personal and financial situations, and status of insurance and other financial plans. Discuss progress in implementing recommendations, noting any trouble spots, and taking appropriate action. If necessary, recalculate needs and note any shortfalls. Using a client-focused selling approach, inquire about any changes in their current or future financial situation. Listen carefully and note any
opportunities. Implement any plan changes and set necessary follow-up appointments.

**Ask for Referrals.** An annual review is a perfect time to ask clients if they know anyone who might share their same values and goals. There is a very high probability that they value and trust you because they agreed to have you review their financial plan.

**Providing Service Packages**

Monitoring the plan and responding to customer or client requests for changes and information are often combined with other services the advisor offers in a *service package*. It is advisable to offer standard services to everyone, and offer extra services to those who meet your criteria to be a client (consider the ABC method for differentiating your clients).

**Standard Service Package**

Excellent customer service is now the price of admission in financial services. It is the expected level of service and not the exception. This means you need to create a high quality *standard service package* for dealing with routine requests for changes and information for everyone, regardless of their value to your business. You need a system that ensures all customers and clients receive the service they need and allows you to capitalize on new marketing opportunities.

**Define It.** Define your standard service package. What services will you provide everyone and at what level? Your standard services may include the following:

- annual or periodic reviews (monitoring of the plan should be offered to everyone)
- prompt handling of changes and inquiries
- claim kit and assistance for beneficiaries (for life insurance)

You should also define the level of service they can expect, such as

- accessibility—When can they reach you? What after-hours services do you have?
- response time—How quickly will they receive a response to their phone call, e-mail, or letter?

**Communicate It.** Once you have defined your standard service package, communicate it to your customers. Tell them what they can expect. The best
times to do this are either during the closing interview or during the policy or contract delivery. Many advisors provide a flyer that describes pertinent servicing information.

**Deliver It.** The next step is to hold yourself and your staff to what you have committed. Here are some basic tips as a matter of review:

- When you receive a request, let clients know how long it may take or when you will get back to them.
- Contact your clients after service requests to make sure that the information received or action taken was what they needed. Make sure that the service was prompt and efficient. Take the opportunity to discuss any unresolved issues related to the service request.
- Provide a claims kit that gives information for how to file an insurance claim. Offer to work closely with the insured or family members to ensure claims are promptly paid and other matters, such as settlement options, are explained and arranged.
- If your client moves to another city or state, try to arrange to keep in contact and to retain the business. If you are unable, offer to review their plan with their new advisor. Remember to discuss any protection or plans that need to be completed.

**Take Care Plus.** Excellent service is necessary because it puts you in a position to inquire about other relevant needs. You can take care of clients and market other products and services you provide. The keys to recognizing opportunities are listening carefully and asking a few relevant questions. Here are some examples related to life insurance to get you started:

- Beneficiary changes may reveal a need to revisit the plan. For example, the insured may be changing the beneficiary due to a new spouse or baby.
- Disbursement requests (policy loan, dividend withdrawals, universal life partial surrenders, and so on) indicate that a service call is needed. They may reveal financial trouble or that the client is opening a new business or paying for a wedding. Ask what prompted the loan request. Make sure the paperwork is handled promptly and that the client understands the need to repay interest, if not principal, in order to keep the protection from eroding. Policy loans often come before a lapse, so stay in close contact with your clients and customers after they request loans.

As always, anytime someone is pleased with what you have done for them, ask for referrals.
**Extra Frills Package**

For some of your clients, you will want to provide an *extra frills package*, which is simply a higher level of service that includes other ancillary services. This means you will need to identify what services you will provide as frills.

**Purpose of the Extra Frills Package.** The purpose of the extra frills is to make every contact an opportunity to market. By this we mean that you accomplish one of three things:

- Create visibility. You do not want clients to think of anyone else when they think of insurance and financial products unless it is a product you do not sell.
- Create awareness of the products and services you provide. You want clients to associate your name with any product you sell and any service you provide. For example, you want them to know you sell mutual funds and have the expertise to help them plan for their retirement.
- Create a sense of personal touch. You want clients to associate you with insurance and other products and services you provide, and you want them to think of you as a person who cares about them. You want them to see you as someone who provides what they need, when they need it, and how they want it.

**Define the Frills Package.** Effectiveness will vary from advisor to advisor—what works for some may not work for you. What works will also depend on the customer or client. What one client finds interesting another may find annoying. Perception is everything. In the following examples, we refer to the audience as clients. Some of these may be directed at customers as well, especially those you might want to convert to clients.

- Send birthday and holiday cards to your clients and their families. Appropriate cards are available for this purpose from various commercial vendors of greeting cards. They can be imprinted with your name and address, and the selection of messages is wide enough so that you will be able to find one or more cards that fit your style. Ask your manager if greeting card catalogues are available. The cost is deductible as a business expense, so keep track of the postage and number of cards sent.
- Contact clients at other important dates such as marriages, christenings, bar/bat mitzvahs, births, weddings, home purchases, new jobs, or promotions. Do not limit your concern to happy occasions. You should show your sympathy and support when there are...
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7.21

deaths in your clients’ families, or if your client or client’s spouse loses a job. Your sympathy or regrets in these situations will be appreciated. Your support and, more importantly, your advice and assistance may be even more significant both to your client and to your business.

- Handwritten notes add a real personal touch. Sending copies of news clippings that are of special interest to your clients demonstrates you know who they are. A good practice is to scan the local newspaper every day for articles about or of interest to your clients. When you see an announcement about a client’s family or business, send a copy of it with a brief personal note. (Be sure to include publication name and date of appearance.) This source of news about your clients can also uncover new sales or service opportunities for which you will want to follow up. For example, you may find out they are a member of a community club or professional organization that may be a great target market for you.

- Commercial (as always with company approval) or company-sponsored newsletters offer a wide selection of tax and financial information that you can send to your clients either monthly or quarterly. In many cases, the letters can be personalized with your name, address, logo, and photograph. You may also be able to enclose a return mail card that the client can use to request more information about the topics covered in that issue. Ask your manager about the availability of these newsletter services and their costs.

- Contact clients by phone to let them know the general results of any contacts you have had with people they referred to you. Thank them for their support.

- Follow up by phone when the first premium is due to make sure that the amount and timing of the premium notice are correct, and that the billing department has the insured’s correct name, address, and policy number. Also, ask if everything is all right and if there is anything else you can do for them.

- To keep their names in front of clients and customers, many advisors give imprinted calendars, refrigerator magnets, pens, and other items. Look for package offers and quantity discounts on larger purchases.

- Look for articles of interest in the business or general press and send copies of these items to appropriate clients. Consumer-oriented brochures can be used in the same way.

- Offer special client events, such as a client appreciation event or an educational seminar. Send a special invitation. One prospecting strategy is to send tickets for the client, a spouse, and a friend (a potential prospect).
Take the time to define what frills you will offer. Make sure that you can deliver and that they are cost effective from both a monetary and time standpoint.

Commit Yourself to It. Commit yourself to your frills package by including it in your business plan and preparing a list of your services that you may give to your clients at product delivery, on annual reviews, or in a special mailing. Let them know these are the services you provide to the people you value as clients.

Classifying Clients—The ABC Method

The purpose of monitoring and servicing is to build client relationships. Realistically, not everyone who purchases a product will want to become your client. Conversely, there will be people who buy from you that you would prefer not become your client. This means you will need to identify whom you want to be a client. A great way to do this is the **ABC method** in which you segment your book of business into three categories or grades:

- “A” clients—These are people who believe in you and the products you sell. They are a source for repeat sales and referrals. Your long-term goal is to only deal with these clients. They merit your very best service.
- “B” clients—These are customers whom you wish to turn into clients, or customers who have purchased financial products from you in the past year, but who have not yet committed to a full client relationship. These are your “B” clients. To the “B” group you will offer a broader range of services than the “C” group. Your goal is to eventually drop them to the basic service group or to raise them to client status.
- “C” clients—These are people who have either demonstrated that they do not wish to enter into an ongoing client relationship with you, or you do not want to do more than your existing business with them. These are your “C” clients to whom you offer only basic services (for example, annual reviews, and follow up on information and service requests).

Why Classify? In the same way you would not place most of your money into low-yielding investments, you cannot afford to place most of your time, energy, and money in the low-profit segment of your book of business. Have you ever noticed in other businesses that the perks go to the people that generate the most revenue? Why should it be any different for an advisor’s practice?
**How Do I Know?** Exercise some caution here. Do not focus solely on income or how well you get along with the client. Look at their impact on your business. You can measure this in three ways:

- Are they a source or potential source for repeat business? For example, Matt may be a young man who does not have a lot of business with you now. However, he has demonstrated an appreciation for financial planning and he has the motivation and ability to improve his income over the years.
- Are they a source or a potential source for referrals? In the previous example, Matt may be a plumber who is part of a trade union. The union meets regularly for programs on interesting topics. Could this be a seminar opportunity?
- Are they a good client? In other words, are they easy to get along and not high maintenance? Stay away from high-maintenance, low-value clients. You will spend a lot of time and energy and have a negative net return.

**How It Works.** Identifying “A” clients, “B” clients and “C” clients allows you to treat each accordingly in terms of the discretionary services you provide.

In selecting which services to offer, distinguish between basic and discretionary services. Clearly, you have an obligation to process policy changes and handle other requests for information or service; and you may want to send every one of your customers a calendar each year. You can be selective, however, in how you spend your service budget for items such as product portfolios, greeting cards, lunches, receptions, and other gifts. You are not obligated to include all of your customers in your newsletter mailing list or to send special clippings from the local newspaper to everyone with a personal note. These can be expensive and time-consuming gestures, and would be wasted on some clients. For example, you may take your “A” clients out to lunch or host receptions for them as a way of showing your appreciation for their business. One advisor who lives near the water and owns a sailboat makes a point of inviting some of his best clients on board for evening or weekend sails. This has been an excellent way to strengthen the association between this advisor and his clients. Golf outings, tennis matches, or running dates are other ways to share non-business interests you have in common with your clients.

**Measuring the Impact**

Measure the impact of service by looking at whether or not it produces a measurable level of sales revenue. To create that revenue, monitoring and servicing will have predictable costs such as overhead, staffing, supplies,
marketing, and sales costs attributable to its operation. The amount of profit is determined by a simple formula:

\[
\text{Profit} = \text{Income} - \text{Costs}
\]

Determine how profitable your client-building and service efforts are by identifying the income and expense items associated with these activities for any given period.

<table>
<thead>
<tr>
<th>How Profitable Is Your Service Work?</th>
</tr>
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<tbody>
<tr>
<td>Period: From __________ to __________</td>
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</table>

<table>
<thead>
<tr>
<th>Income Items</th>
<th>Expense Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewal commissions:</td>
<td>$ _____</td>
</tr>
<tr>
<td>Persistency bonuses:</td>
<td>$ _____</td>
</tr>
<tr>
<td>New sales to customers (first year commissions):</td>
<td>$ _____</td>
</tr>
<tr>
<td>Number of prospect leads from service calls:</td>
<td>$ _____</td>
</tr>
<tr>
<td>Number of sales from prospect leads:</td>
<td>$ _____</td>
</tr>
</tbody>
</table>

| Number of sales from prospect leads:             | $ _____       |
| Number of sales from prospect leads:             | $ _____       |
| Total income from service work:                 | $ _____       |
| Total expenses attributable to service work:    | $ _____       |
| Profit from service work:                        | $ _____       |

The income items listed on the chart above will be the actual commissions or bonuses paid to you in each category for the period. Some of the expense items entered, such as product portfolios, business cards, and client lunches, will represent costs that are fully attributable to service activity. Other general office and staff expenses, including word processing, telephone, and secretarial costs will have to be estimated and apportioned.
A BASIC MARKETING PLAN

In this section, we will look to build a basic marketing plan, the engine and driving force of your business. The marketing plan will apply target-marketing concepts and will be built by answering the following questions:

- What are my objectives?
- To whom am I marketing?
- What am I marketing?
- How will I market to them?
- How effective am I?

Setting Your Objectives

The first step of building a basic marketing plan is to identify your objectives, specifically your income and activity objectives. There are three basic steps:

1. Construct marketing funnels for your target markets and general market.
2. Determine income objectives.
3. Calculate activity objectives using applicable marketing funnels.

Construct Marketing Funnels for Target Markets and General Market

A valuable tool for setting objectives is a marketing funnel. A marketing funnel, or marketing pipeline, is used to calculate the activity goals needed to achieve your income goal based on first year compensation (see Figure 7-1). The funnel analogy is used because a funnel’s shape illustrates how it takes many suspects (leads) to produce a much smaller number of clients. For instance, the age-old 10:5:3:1 (10 leads, 5 appointments set, 3 interviews, and 1 sale) is a basic marketing funnel. While the approach that is described below is a little more involved, it is still fairly simple. To construct your marketing funnel you will need to complete the following tasks:
**Figure 7-1**
Marketing Funnel

<table>
<thead>
<tr>
<th>Activity Summary</th>
<th>Activity Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone Calls</td>
<td></td>
</tr>
<tr>
<td>Contacts</td>
<td></td>
</tr>
<tr>
<td>Appts Set</td>
<td></td>
</tr>
<tr>
<td>Initial Mtgs</td>
<td></td>
</tr>
<tr>
<td>Fact Finds</td>
<td></td>
</tr>
<tr>
<td>Closing Interviews</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
</tr>
<tr>
<td>FYC</td>
<td></td>
</tr>
</tbody>
</table>

**Creating an Activity Summary.** First, you must tabulate data and total all of your actual numbers from the previous year in the following areas: phone calls, contacts (phone or face-to-face), appointments set, initial meetings, fact finders completed, closing interviews conducted, sales made, and first-year compensation (FYC) (see the left side of Figure 7-1). Some advisors also track referrals obtained.

These numbers should be broken down by the top two or three target markets, your general market (all other markets except your top two or three target markets), and overall. This requires that you track your activities in a manner that enables you to do this. Ideally, you will also have the numbers based on the lead source. See Appendix A for a sample form for accomplishing this task. Enter your daily or weekly numbers in a spreadsheet to facilitate this process.

**Calculating Prospecting and Sales Effectiveness Ratios.** Next, calculate your *prospecting and sales effectiveness ratios* using the totals from the activity summary section of the marketing funnel. Prospecting and sales effectiveness ratios are quantitative measurements of an advisor’s

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effectiveness in performing the key sequential prospecting and sales activities as they relate to each other as well as attaining desired production goals. Usually your ratios are based on your activity from the previous year. Each ratio is calculated by taking the first number and dividing it by the second number. Thus to calculate the phone calls to contacts ratio, you would take the number of calls you made and divide it by the number of times you talked to a prospect. The ratios needed for a basic marketing funnel include the following:

- phone calls to phone (or face) contacts
- phone (or face) contacts to appointments set
- appointments set to initial meetings
- initial meeting to fact finders completed
- fact finders completed to closing interviews conducted
- closing interviews conducted to sales
- first year compensation to sales

Other ratios of interest that are not a part of the marketing funnel but are valuable for analyzing target markets include the following:

- leads to appointments
- referrals to sales

Construct funnels for each target market and general market (every lead that is not from a target market).

**Determine Income Objectives**

To determine your FYC income objective, begin by estimating next year’s personal expenses, business expenses, and savings goals. Budget amounts for each category of cash outflow you expect, and for the money you want to save for the upcoming year (see Appendix C for a sample form).

Pay special attention to your marketing budget. If you plan to grow your business, you most likely will need to expand your marketing efforts, and consequently your marketing expenses. One approach is to take the marketing budget from the previous year and divide it by FYC for the previous year. Then take this ratio and multiply it by the amount you anticipate your FYC increasing. Adjust this estimated figure up or down based on factors such as anticipated efficiency gains, increased cost of current marketing approaches (such as advertising, membership dues, and telephone directory listings), and so on.

Next, determine the new income objective to meet your cash outflow and savings goals. Start with the gross income you desire; then subtract
anticipated renewal commissions and other business income to arrive at your net FYC objective.

**Calculate Activity Objectives**

Now you can determine the prospecting and sales activity objectives you need to achieve your FYC income goal by using the marketing funnel.

First, estimate the percentage of FYC you anticipate will be derived from each target market and your general market. Use the previous year’s numbers as a benchmark. Simply determine the percentage of income derived from each target market by dividing the estimated FYC from each target market by total FYC. Adjust this percentage based on anticipated changes you plan on making. Multiply the percentage by the total FYC goal.

**Example:**

Madison earned $100,000 in FYC last year. $25,000 of her FYC was derived from business she wrote with female business owners. She anticipates increasing her efforts this year such that 30 percent of her FYC goal of $110,000 for next year will come from members of the local Businesswomen’s Association. Thus the FYC goal she will run through her marketing funnel calculation would be 30 percent x $110,000 = $33,000.

For each target market and your general market, begin by dividing the FYC income goal by the average FYC per sale to determine the number of sales you need to meet your goal.

Using last year’s prospecting and sales effectiveness ratios and working backwards, start by multiplying the number of sales you need by the number of closing interviews it takes to produce one sale. Continue the same process to calculate the necessary level of each prospecting and sales activity to reach the number of sales required to meet your FYC goal. Complete this for each target market and your general market.

**Example:**

Madison runs her FYC goal for the Businesswomen’s Association target market through her marketing funnel. The following activity goals result:

- $33,000 ÷ $1,000 per sale = 33 sales
- 33 x 1.5 per sale = 50 closing interviews
- 50 x 1.33 per closing interview = 67 factfinders
- 67 x 1.5 per fact finder = 101 initial meetings
- 101 x 1.33 per initial meeting = 135 appointments
- 135 x 2 per appointment = 270 contacts
- 270 x 2 per contact = 540 phone calls

See the completed marketing funnel in Figure 7-2.

To break this down by month and by week you would divide the annual figures by 12 and 52, respectively.

<table>
<thead>
<tr>
<th>Activity Summary</th>
<th>Activity Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone Calls</td>
<td>400</td>
</tr>
<tr>
<td>Contacts</td>
<td>200</td>
</tr>
<tr>
<td>Appts Set</td>
<td>100</td>
</tr>
<tr>
<td>Initial Mtgs</td>
<td>75</td>
</tr>
<tr>
<td>Fact Finds</td>
<td>50</td>
</tr>
<tr>
<td>Closing Interviews</td>
<td>38</td>
</tr>
<tr>
<td>Sales</td>
<td>25</td>
</tr>
<tr>
<td>FYC</td>
<td>$25,000</td>
</tr>
</tbody>
</table>

**Suspects (Leads)**
- 2.00 phone calls to produce 1 contact
- 2.00 contacts to produce 1 appointment set
- 1.33 appointments set to produce 1 initial meeting

**Prospects**
- 1.50 initial meetings to produce 1 fact finder
- 1.33 fact finders to produce 1 closing interview

**Qualified Prospects**
- 1.50 closing Interviews to produce 1 sale
  - $1,000 FYC per each sale

**Clients**

**Defining To Whom You Are Marketing**

The ideal situation is marketing in a monolithic target market with an endless supply of prospects. Most likely, that will not be the case. Instead, you will probably have a few main target markets that you supplement with your general (undifferentiated) market. If you do not have a few target...
Techniques for Exploring Personal Markets

When you have identified your target markets, you can do so by completing steps one and two of the target marketing process: segmenting your market and targeting a market. In other words, at this point, you will need to have

- segmented your natural market using relevant segmentation variables
- identified market segments and created profiles
- created selection criteria
- conducted market research
- assessed other factors
- selected and even tested a few target markets

Your basic marketing plan should include a brief profile of your target markets, defining the common characteristics and common insurance and financial needs, regardless of whether or not you can meet them. It may also be helpful in looking for marketing ideas to specify some common nonfinancial needs as well, if there are any readily identifiable. In addition, you may want to include the following information:

- size of the market (how many potential prospects)
- average income and assets
- communication networks (informal and formal)
- preferences for how they buy your products and services
- attitudes toward financial products and services you sell

When you are identifying common needs, and if you are working with a quasi-target market—a group of people who have common characteristics and a communication system but lack common financial needs—it would be helpful to segment the group by life cycle and identify common financial needs within each life-cycle market segment identified.

**Defining What You Are Marketing**

From the common financial needs you identified, select those needs that you are able to meet based on the products you sell and your level of training and experience. Take a few minutes to define what you are marketing by examining the financial and emotional needs of each target market that are satisfied by your products.
**Example:**

Harry sells life insurance. His target market is parents at the Menses School, a private grade school for middle- and upper-middle-class families.

<table>
<thead>
<tr>
<th>Financial Needs</th>
<th>Emotional Needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>income replacement</td>
<td>feel like they are taking care of their families</td>
</tr>
<tr>
<td>education funding for private school and college</td>
<td>love for their families</td>
</tr>
<tr>
<td>debt liquidation</td>
<td>peace of mind</td>
</tr>
</tbody>
</table>

**Strategizing How You Will Market**

Your next step is to determine how you will market to your target markets. This includes the following:

- creating and implementing a position for your personal brand
- implementing prospecting methods for identifying prospect names and contact information
- implementing methods for creating awareness and interest of your products
- creating and using scripts to set appointments
- anticipating objections
- outlining additional services you will offer to increase retention

**Positioning Your Personal Brand**

Based on the information you have gathered about your target markets and your competition, write your positioning statement and your value proposition. They should be relevant to the target market. You may have separate ones for each target market. Remember, a value proposition is how you will answer the question, “Why should I do business with you?” This may include ancillary products and services you will provide or relevant expertise in working with the needs of people in your target market.

Then outline how you will create awareness of your personal brand within the target market. Identify specific ways that you will build prestige so that your reputation within the target market will precede you. Prestige methods include the following:

- community involvement
- writing
Techniques for Exploring Personal Markets

- speaking to groups
- radio or television opportunities
- personal brochure
- internet presence
- newsletters
- advertising

Estimate the anticipated costs involved. It would be extremely helpful to track and categorize expenses associated with each target market going forward. This will enable you to estimate the net-profit margin (first year compensation minus associated marketing and selling expenses) for each target market. This information will enable you to evaluate target markets relative to one another and to your general market.

Selecting Prospecting Methods

In your marketing plan, identify the prospecting methods you will use and map out how you will implement them. For instance, if you are planning to use a center of influence, identify whom that is and how you will approach him or her to ask for prospects. If you are already working in the target market, create a script for asking for referrals and an ideal client profile to guide the referrer (or simply include the one you are using already).

Create a prospect list, tracking also the source of the prospect. This will help you identify the best sources and methods so you can devote more time developing them.

Implementing Methods for Creating Interest in Your Products

The marketing plan should also identify preapproaches you plan to use to create interest in your products. The most common preapproaches are

- seminars
- letters and postcards
- third-party influence

Creating Approach Scripts

Create or select appropriate approach scripts to set appointments. Most likely, this will involve telephone approaches. However, for multiline agents, a pivot from a service transaction would also be an excellent time to ask for an appointment. Specifically, include in your plan the “Creating Interest” component of the script.
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Anticipating Objections

As the Boy Scout motto says, “Be prepared”. Include in your plan how you will handle the most common objections. The purpose of this is not to write a script, but to think through the questions you would want to ask and the points you would want to make beforehand.

Outlining Additional Services for Retention

Client retention is very important to most practices. Improved retention will translate into more repeat sales as well as referrals. If it is appropriate, outline any additional services you will provide that are relevant to your target markets.

Evaluating Your Results

The last part of a basic marketing plan is a plan for evaluating your results. Furthermore, this process will lay the groundwork for planning your next income period.

Review of Daily Activity

Some advisors prefer to monitor their daily activity. For newer advisors, a review of the day’s activity at the end of the business day can help them stay on track, and ensure they execute their plans and manage their time effectively.

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<thead>
<tr>
<th>Twenty Points for a Successful Day</th>
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<td>Your goal is to achieve twenty points every working day. Your day isn’t over until you do. There are no carry forwards from one day to the next. There are no carry backs. Each day stands alone. Your workweek requires a minimum of ninety points. Give yourself the afternoon off if you earned 10 points in the morning and 20 points every previous day to reach your 90 points for the week. A suggested point system is</td>
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<tr>
<td>one point for each referral</td>
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<tr>
<td>two points for each appointment requested</td>
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<tr>
<td>three points for each appointment made</td>
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<tr>
<td>four points for each closing interview</td>
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<tr>
<td>five points for each sale</td>
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Many successful advisors use a daily or weekly point system for monitoring their progress (see the box entitled “Twenty Points for a
Successful Day”). Such a system provides motivation and keeps advisors on track to achieve their sales activity objectives.

On a monthly basis, examine your prospecting and sales ratios, comparing them to the ones used to construct your marketing funnel. Notice that the funnel used in this text divides the prospecting and sales process into three distinct conversion points: from suspects (or leads) to prospects, prospects to qualified prospects, and qualified prospects to clients. (For the purposes of the marketing funnel, the term client refers merely to someone who has purchased an advisor’s product or service.) For each conversion point, there are associated activities that can affect an advisor’s conversion rate. Thus, the conversion points enable the advisor to analyze and evaluate specific aspects and tasks of the marketing plan to determine possible causes for success or failure. Let’s look at them now.

Conversion of Suspects (Leads) to Prospects. Look at the ratios of contacts to appointments and appointments to initial meetings. These ratios are affected by the following:

- the quality of your leads. Do they need your products and services? Can they afford them?
- prospecting methods. How are you accessing these leads? Is there a better, more natural method? Are you asking for referrals? All things being equal, centers of influence and referrers are typically the best methods for tapping into a target market.
- your prestige-building activities. How are you creating awareness of your personal brand? Do the members of a target market know who you are before you call? Prestige building is critical for penetrating new target markets in which you are not well known.
- preapproach activities, approach scripts, and telephone skills

Note that the information discussed in this textbook is most relevant to the items above.

Conversion of Prospects to Qualified Prospects. Examine the ratios of initial meetings to fact finders and fact finders to closing interviews (conducted). Activities that will affect your success include the following:

- building rapport. How did you attempt to build rapport? Was it established in a manner that reflected the prospect’s social style?
- establishing the need. What approach did you use to establish the general need for your products and services? Did you ask enough open-ended questions? Did you establish prospect goals? How did
you present your products and services as the best solution for addressing their needs?

- handling objections. Why did the prospect not grant a fact finder or closing interview? What objections arose? How did you attempt to address them? Would another approach have been more successful?

**Conversion of Qualified Prospects to Clients.** Review the closing interviews to sales ratio (closing ratio). Consider the following:

- analyzing the information and developing the plan. Did the plan adequately address the prospect’s needs within the prospect’s budget?
- presentation skills. How well did you present the plan? Did you adequately present relevant features and benefits?
- closing skills. How did you ask for the sale? Was there too much pressure? Did you adequately demonstrate the consequences of not acting now?
- handling objections. What objections arose? How did you attempt to address them? Would another approach have been more successful?

Conduct an analysis for each target market and your general market. Make adjustments accordingly. Without periodic review and adjustment of your prospecting and selling activities, it will be difficult to improve your marketing efforts.

**COMPLIANCE, ETHICS, AND PROFESSIONALISM**

Your career as a financial advisor places a tremendous responsibility upon you. You will approach friends and strangers and offer to help them plan for their future financial security. You will then ask them to accept your advice, trust your recommendations, and purchase financial products. In this business, you must maintain the highest ethical standards of professional behavior.

As you assist your clients, many areas of financial planning are difficult for the average person to understand. Your training, specialized knowledge and especially your ethical behavior can elevate your selling/planning activities to the level of a career professional. That should be your goal as a financial advisor.

In today’s financial services marketplace, there is a tremendous emphasis on ethical business practices and legal compliance issues. How do professional advisors live up to their responsibilities? Certainly, an advisor must comply with
• state regulations for the sale of all insurance products
• federal regulations for the sale of securities and registered products
• company rules and procedures for all marketing activities
• codes of ethical conduct
• principles of professionalism

State Regulation

Today, insurance companies and insurance products are regulated primarily at the state level. Each state has its own department of insurance to regulate the insurance activities within the state. State legislative bodies pass laws that regulate the insurance industry, and state insurance departments enforce the laws and set procedures for companies and producers. The states regulate the insurance business in several key areas:

• insurance company licensing
• producer licensing
• product regulation
• market conduct
• financial regulation
• consumer services

States look closely at insurers’ financial solvency and their ability to cover their policyowners’ claims. The states also regulate market conduct, which covers the sales and marketing practices of insurance companies and producers. The top priority of each state insurance department is to protect their state’s consumers from unfair business practices within the insurance industry.

Licensing

**Insurance Companies.** An insurer must normally be licensed by a state’s insurance department to sell insurance products within that state. After it is licensed, the insurer must have approval from the insurance department for individual products sold in the state.

**Producers.** A producer must obtain a license to sell insurance products in a particular state. Producers can have licenses in more than one state. Often a producer will maintain a resident license in his or her home state and hold nonresident licenses in other states.

The producer must also obtain an appointment to sell an insurance company’s products. During the appointment process, the insurance company will verify the producer’s license and will usually conduct financial
and criminal background checks. If a producer sells for several insurance companies, he or she will need an appointment with each company.

Securities products such as variable life insurance, variable annuities, and mutual funds require registration with The Financial Regulatory Authority (FINRA, the successor to the NASD). FINRA is the largest non-governmental regulator for all securities firms doing business in the United States. A special license to sell variable products may also be required by individual states.

Although state laws that regulate insurance company and advisor licensing vary, state insurance commissioners work together through the National Association of Insurance Commissioners (NAIC) to identify and publicize the most important consumer issues. NAIC also helps standardize insurance regulation by developing model legislation for the states. Although NAIC has no enforcement authority, it has helped increase the commonality of insurance laws and procedures among the states.

<table>
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<th>Unauthorized Entities</th>
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<td>Regulation of insurance products and services varies from state to state. In Florida, for example, regulations prohibit doing business with an unauthorized insurance entity. An unauthorized entity is an insurance company that has not gained approval to place insurance in the jurisdiction where it or a producer wants to sell insurance. These carriers are unlicensed and prohibited from doing business in that state. In most cases, where these carriers have operated they have characterized themselves as one of several types that are exempt from state regulation. It is the financial advisor's responsibility to exercise due diligence to make sure the carriers for whom they are selling are approved by the department of insurance in that state.</td>
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Advice

States are concerned with what advisors call themselves and the advice they give to the public. In many states, advisors who call themselves financial planners or financial consultants may be breaking state laws unless they have special licenses.

In contacts between an advisor and a prospect or client, the discussion may touch on legal or tax matters. Although discussing legal or tax matters with clients in very general terms is allowed, the advisor cannot give specific advice in those areas without the proper credentials. Giving specific legal or tax advice can be construed as practicing law without a license, which is illegal. If people ask for specific advice, you should recommend they consult an attorney or tax advisor.
Federal Regulation

Although the states are the primary regulators of the insurance industry, the main responsibility for regulation of securities products rests with the federal government. Securities products include the variable life insurance and variable annuity products many insurance companies now offer. Without a securities registration, an advisor cannot legally discuss equity-based investment products with the public.

Selling Securities Products

As we mentioned previously, an advisor must register with the Financial Regulatory Authority (FINRA) to sell securities products. FINRA establishes procedures and monitors compliance to ensure fair practices for the industry and protect the public interest. FINRA’s regulatory responsibilities include registration and testing of securities professionals, approval of members’ advertising and sales literature, and arbitration of investor disputes. Representatives registered through FINRA must provide personal information, including prior employment and existence of any securities-related disciplinary action.

An advisor must be affiliated with a broker/dealer to obtain a FINRA registration. Most large life insurance companies have broker/dealer subsidiaries, and they will sponsor their advisors for FINRA registration. For independent advisors, there are many broker/dealers available to establish an affiliate relationship.

Marketing Securities Products

The regulations for marketing securities products are extensive. The Securities and Exchange Commission and the advisor’s broker/dealer must approve all advertising materials, correspondence, and sales literature. An advisor’s stationary and business cards must even be approved. Failure to follow securities rules can lead to the suspension or loss of licensing, significant fines and penalties, and a suspension of a company’s right to do business. The laws also require a prospectus, which describes the security in detail, be delivered to all purchasers of the security.

Registered Investment Advisor

The Investment Advisers Act of 1940 defines an investment advisor as a person who, for compensation, advises others on the value of securities or the advisability of buying or selling them. Most people who fall within the act’s definition of an investment advisor, and who make use of the mail or any tool of interstate commerce, must register with the SEC as a registered investment advisor (RIA).
Merely dealing with a security does not necessarily make one an investment advisor. In the 1980s, the SEC issued three tests to determine if individuals must register as an investment advisor. If all three tests are answered affirmatively, registration is required (unless it is waived). If any of the tests is answered negatively, there is no need to register as a RIA. To require RIA registration, the individual or entity must

- give advice or analysis concerning securities (security advice test)
- be engaged in the business of advising others regarding securities (security business test)
- be in receipt of compensation (compensation test)

The SEC’s purpose for these three tests is to protect clients from fraud and other abusive situations. The SEC does not guarantee the competence or investment abilities of any individuals who register under the act. The SEC merely seeks to discourage unethical behavior by requiring full disclosure to clients.

Registered Investment Advisors must follow very strict rules for registration, record keeping, and compliance. Many states also have a qualifying exam for those wanting to operate as an RIA.

Financial Planners

There is no special federal licensing or registration requirement for financial planners. Most financial planners analyze their clients’ financial situations, help set achievable financial goals, and develop, implement, and monitor financial plans. Advisors may recommend the purchase or sale of securities, and they may charge a fee for planning services. Generally, if the financial planner meets the three tests cited earlier, he or she must register as a Registered Investment Advisor with the SEC.

Many states require special licenses for those who use the name financial planner, or for those who charge a fee for financial advice. Other states are considering similar legislation. Contact your State Securities Commission for the latest information on state licensing requirements.

Additionally, in some states, it is illegal for an advisor to charge a fee for planning and collect commissions from products sold to the same client. If you have questions concerning these requirements, contact your broker/dealer to clarify your position immediately.

Company Rules and Procedures

The rules and procedures of a financial services company are enforced to make certain the company and its advisors meet all state and federal
regulations. The company must have complete and accurate information to supervise the sales of suitable financial products to its customers.

As a financial advisor, you are an agent of the companies you represent. In simple terms, an agent represents a company, and has a limited right to speak and act for the company. The actions and words of an agent may be binding on the company even if they are incorrect. Understandably, financial services companies carefully protect themselves from possible misbehavior of agents who represent them. Rules, procedures, guidelines, and reporting all reflect the actions of the company to protect themselves and their clients.

Company rules also help advisors to meet all applicable legal requirements. In today’s litigious society, that is a valuable benefit. Advisors should appreciate a company that maintains high standards, and be wary of companies whose compliance functions are loose. Remember that most financial products are legal contracts between the owner and the financial services company. If a contract is not properly executed, the result may be serious legal complications for the owner, the company, and the advisor.

Advertising

Many compliance problems occur with advertising. Financial advisors must only use advertisements that are accurate and understandable. Advertising that contains untrue, unclear, incomplete, or deceptive statements is both illegal and unethical. State and federal laws specifically prohibit such advertising. The laws apply to materials from the home office, agency, and those created by the financial advisor. If you prepare customized materials for your clients, always get home office approval before using the materials.

Ethical Considerations

Suitability

Your professional obligation to prospects is to help them determine and carry out the most suitable solutions to meet their financial planning needs. In identifying the need for financial products that address prospects’ concerns, helping prospects understand how certain products meet those concerns, and implementing solutions to prospects’ financial planning needs, you have fulfilled your professional obligation.

Client Needs. Clients should expect their financial advisor to make accurate analyses and recommend only suitable products to satisfy their needs. The advisor must conduct thorough fact finding to identify a client’s needs, personal and financial goals, time horizon, and risk tolerance. A primary rule of financial planning is to know your client. It is dangerous,
unprofessional, and bordering on unethical to recommend any financial product without having enough information to determine the product’s suitability for the client.

**Compliance and Ethics**

*Compliance* means following the laws and regulations, including company rules, which apply to the sale of all financial products. These are the minimum standards. Ethical behavior is doing the right thing, which always requires you to put the prospect’s best interests ahead of your own. It is treating the client in a way you wish to be treated. The ethical advisor will maintain the highest possible standards of behavior in all business dealings. Ethical advisors keep their word, and their clients can depend on them. Ethical advisors continually improve their knowledge and skills to provide the best possible service. They feel the public’s scrutiny and the heavy responsibility to represent the financial services industry, their companies, and other advisors in the best light.

Conflicts often arise between the prospect’s need for a product and a company’s underwriting requirements or ratings rules. These conflicts can create both compliance and ethical concerns. A common example involves reporting a client’s use of tobacco on an application for life insurance. The advisor may be tempted to shade the truth to get a better rating for the client. The ethical advisor will not go down that road. He or she knows that telling the truth is not only the ethical way; it is the smart way to do business.

Professionalism and ethical conduct demand more than mere compliance with laws and regulations. Following rules and procedures is the first, and very important, step in professional conduct.

**Professional Code of Conduct and Ethics**

*Professional ethics* is behavior according to principles of right and wrong—a code of ethics—accepted by one’s profession. By adopting, embracing, and practicing a professional code of ethics, the financial advisor will likely achieve the high standard of professionalism demanded by a career in financial services. The advisor’s ethics affect the reputation of the profession and the confidence of the public in the industry and its practitioners. An advisor’s breach of professional ethics must make the advisor subject to disciplinary action to protect the public and the profession itself.

All professional organizations within the financial services industry publish pledges and ethical codes for their members. These codes rest on common sense, ethical virtues, and other common themes. Some common characteristics of these codes are as follows:
Every code calls on professionals to look out for the best interests of the client.
Most codes require professionals to conduct themselves with fairness, objectivity, honesty, and integrity.
Each code requires professionals to protect the confidential information of their clients.
Most codes require that professionals present enough information to allow the client to make an informed decision.
Each code requires professionals to continue the learning process throughout their careers.
Each code asks professionals to conduct themselves in a way that brings honor to themselves and to their professions.
Most codes specify that financial services professionals should comply with the law.

A clear understanding and appreciation of the codes will help to better deal with today’s complex marketplace. It is impossible to write a rule for every situation in any business. The ethical advisor will be guided by firm principles to decide the ethical behavior when conflicts arise. The American College code of ethics is a time-tested standard of professional behavior that all advisors would do well to follow (see Figure 7-3).

Being a Professional

Professionalism

The successful financial advisor must be a professional advisor. Professionalism means mastering the technical knowledge to provide meaningful support and accurate advice to your prospects and clients. As a competent financial services professional, you must know the legal and tax ramifications of your recommendations. In addition, you must present both positive and negative implications of the options available so prospects and clients can make informed purchasing decisions. Thus, you must thoroughly understand your products, problems confronting your prospects and clients, and solutions your products can provide.

Client Focus. The professional advisor is client-centered, which means putting clients’ interests ahead of any others. While selling products is a big part of the business, your job goes far beyond simply making a sale. Focus on the client’s problems, needs, and attitudes. Be informed enough to make suitable recommendations, and then relax because sales will follow as a natural by-product of a job well done.
Client Confidentiality. Prospects and clients are entitled to a high level of confidentiality with personal information they give the advisor. Advisors must keep this information private, protect it, and certainly not share it with any unauthorized person or organization. In an age of frequent identity theft, be extremely careful with data files, faxes, and e-mails that contain clients’ personal information such as SSN, birthdates, and phone numbers. Also, make sure you do not discuss a client’s financial situation with family members, other clients, or prospects. It is not only wrong, but it may get back to the client and cause very unpleasant consequences.

FIGURE 7-3
The American College Code of Ethics

To underscore the importance of ethical standards for Huebner School designations, the Board of Trustees of The American College adopted a Code of Ethics in 1984. Embodied in the code are the Professional Pledge and eight canons.

The pledge to which all Huebner School designees subscribe is as follows:

In all my professional relationships, I pledge myself to the following rule of ethical conduct: I shall, in light of all conditions surrounding those I serve, which I shall make every conscientious effort to ascertain and understand, render that service which, in the same circumstances, I would apply to myself.

The eight canons are

I. Conduct yourself at all times with honor and dignity.

II. Avoid practices that would bring dishonor upon your profession or The American College.

III. Publicize your achievement in ways that enhance the integrity of your profession.

IV. Continue your studies throughout your working life so as to maintain a high level of professional competence.

V. Do your utmost to attain a distinguished record of professional service.

VI. Support the established institutions and organizations concerned with the integrity of your profession.

VII. Participate in building your profession by encouraging and providing appropriate assistance to qualified persons pursuing professional studies.

VIII. Comply with all laws and regulations, particularly as they relate to professional and business activities.
**Professional Responsibility**

Financial advisors must consider themselves professionals and conduct themselves accordingly. The public expects advisors to act professionally, as do the courts. Financial advisors advertise themselves as having special skills to provide financial guidance to their clients. Such advertising creates a higher legal standard of performance for the advisor’s work. Truth in advertising demands it; ethics and professional responsibility demand it.

Part of your professional responsibility is to educate and encourage prospects and clients to take actions to improve their own financial security and their family’s. A good financial advisor is a good teacher, and a good teacher must first be a good learner. An educated prospect is likely to make a good long-term client if your products and services meet his or her planning needs.

**Professional Development through Education**

To educate your prospects and clients, you must first educate yourself. You must understand basic concepts of financial planning and continue studying advanced concepts and changes that constantly occur. New product innovations, legislative trends, and tax rulings affect your ability to provide the highest possible level of service. You can gain additional knowledge and skills by pursuing the recognized professional designations of the financial services industry. Such designations as LUTCF, FSS, CLU®, ChFC®, and CFP® after your name are marks of your ongoing commitment to self-improvement.

Membership and participation in industry professional organizations, such as the National Association of Insurance and Financial Advisors (NAIFA) and the Society of Financial Service Professionals, offer opportunities for networking and continuing education. You should also explore the various training and educational programs provided by insurance companies, universities, proprietary training organizations, and other professional organizations. *Advisor Today* (the magazine of NAIFA) and *Life Insurance Selling* magazines are excellent sources of insurance news and sales ideas.

Formal programs can supplement your personal self-improvement regimen of daily and weekly readings in financial literature. For more information on additional training resources aimed at enhancing the skills and knowledge of the dedicated financial services professional, log on to The American College’s website at www.theamericancollege.edu.

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NOTES


CHAPTER SEVEN REVIEW

Key terms and concepts are explained in the Glossary. Answers to the review and self-test questions are found in the back of the textbook in the Answers to Questions section.

Key Terms and Concepts

<table>
<thead>
<tr>
<th>purpose of delivery</th>
<th>standard service package</th>
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<td>steps of an effective delivery</td>
<td>extra frills package</td>
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<td>buyer’s remorse</td>
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<td>service package</td>
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Review Questions

7-1. Explain the three objectives a good product delivery can achieve, and steps of an effective delivery.

7-2. What is the difference between a customer and a client, and why is the distinction important?

7-3. Why is it important to provide excellent service to your clients?

7-4. What are some of the more common client circumstances an advisor should monitor?

7-5. What are the key points to preparing for the annual review?

7-6. What are the two levels of service, or service packages, that you can offer your customers and clients?

7-7. Discuss the ABC method of classifying clients and what service distinctions are made between these groupings.
7-8. List the five questions that are answered in a basic marketing plan. Briefly explain each.

7-9. Explain the difference between compliance and professional ethics.

Self-test Questions

Instructions: Read Chapter 7 and then answer the following questions to test your knowledge. There are 10 questions. Choose one answer for each question, and then check your answers with the answer key in the back of the textbook.

7-1. A financial services client is

(A) any customer who has purchased a financial product from you
(B) any person who has a strong interpersonal relationship with you
(C) any customer who has given you a referral
(D) a customer who follows your advice consistently, buys from you again, and refers you to others

7-2. The booklet prepared by the National Association of Insurance Commissioners (NAIC) that provides objective advice and comprehensive cost comparisons for those purchasing life insurance is called

(A) The Buyer's Guide
(B) The Consumer's Resource Book
(C) The Insurance Guide
(D) Choosing the Policy that Fits

7-3. Which of the following aspects of marketing and selling affects the conversion of suspects to prospects?

(A) handling objections
(B) prospecting methods
(C) establishing needs
(D) building rapport
7-4. Which of the following statements about classifying your clients is correct?

(A) “A” clients are only those who have done the most business with you.
(B) “B” clients are those you wish you did not have.
(C) “C” clients receive basic services only, such as annual reviews.
(D) “B” and “C” clients should receive the same exact services.

7-5. Which of the following statements regarding strategies for how you will market is (are) correct?

I. Prestige building methods include writing books and advertising.
II. Creating approach scripts is a task associated with strategizing how to market.

(A) I only
(B) II only
(C) Both I and II
(D) Neither I nor II

7-6. Which of the following statements concerning the marketing funnel is (are) correct?

I. A marketing funnel is used to calculate the activity goals needed to achieve one’s income goal based on first year compensation.
II. The funnel analogy is used because a funnel’s shape illustrates how it takes many suspects to produce a smaller number of clients.

(A) I only
(B) II only
(C) Both I and II
(D) Neither I nor II
7-7. Which of the following statements concerning compliance and ethics is (are) correct?

I. Ethics is a code of behavior concerning right and wrong, embraced in a code of ethics.
II. If an advisor follows all company rules and regulations, ethical behavior will be assured.

(A) I only
(B) II only
(C) Both I and II
(D) Neither I nor II

7-8. An effective insurance policy or investment contract review should accomplish all of the following EXCEPT

(A) reestablish the need for the financial product and reasons for its purchase
(B) emphasize that a life insurance policy is a valuable property
(C) replace other insurance policies the customer may own
(D) ensure the customer knows how to read investment account statements

7-9. A properly conducted policy or contract delivery can accomplish all of the following EXCEPT

(A) offer another opportunity to obtain referred leads
(B) set expectations for future service
(C) reinforce the sale by reemphasizing the objectives of the purchase
(D) provide an opportunity to close the sale

7-10. All of the following are objectives of monitoring and servicing customers EXCEPT

(A) facilitating customer retention
(B) making repeat sales to customers
(C) improving your web-based lead generation program
(D) obtaining referrals to new prospects