The Professional Referral Method
A Fast Start to a Pipeline of New Client Referrals

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Today’s Presentation: A Messaging Strategy

Valuable vs. referable

- The Introduction
- The Message
- The Structure
- The Close

THE REFERABLE MESSAGE
Navigating the Capital Markets

MESSAGING MEETING

DECISION TO COLLABORATE

THE VALUABLE MESSAGE
Wealth Management Competencies

Prospect

Advisor

Prospect

Advisor

Client
Percentage of Households Owning Mutual Funds

As of December 31, 2012
The Problem: Decline of Client-Facing Advisors

Number of Securities and Commodities Brokers and Registered Representatives*

The Problem: A Disrupted Industry

Number of Securities and Commodities Brokers and Registered Representatives*

The Problem: Limited Number of Potential Clients

**Number of Adults in Each Category**

<table>
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<tr>
<th>Wealth Range (USD)</th>
<th>Number of Adults</th>
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<tbody>
<tr>
<td>$1–5m</td>
<td>11,427,078</td>
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<tr>
<td>$5–10m</td>
<td>1,161,184</td>
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<td>582,458</td>
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<td>$50–100m</td>
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<td>$100–500m</td>
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<tr>
<td>$500–1b</td>
<td>696</td>
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<tr>
<td>Over $1b</td>
<td>326</td>
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**Source:** Credit Suisse Research Institute Global Wealth Databook 2013; “United States is now the most unequal of all Advanced Economies, Huffington Post, posted 12/08/13; www.huffingtonpost.com; Forbes.com Could America’s Wealth Gap Lead To A Revolt? 9/2013

Bottom 80% owns 7% of the wealth

Top 1% owns more than 40% of the wealth

Top 10% owns 75% of the wealth
Successful Consumers Are Targeted (and Overwhelmed)

Professionals have become the gatekeepers to successful consumers
Setting Up the First Meeting: The Warm Introduction

“This is (name) from (firm). I’m calling today to ask you a favor.

Part of my job as a Financial Advisor is to maintain a file of resources for my clients, and I don’t think I know your professional. May I ask you a few questions about the person you work with?

1) How long have you worked with them?
2) Do you like working with them?
3) Is there a focus or specialization to their practice?
4) What is the one thing you like best?
5) Would you recommend them to others?
6) Would I benefit from knowing them?
7) Would you be willing to introduce me?

Why don’t I make it easy for you: I’ll write out a few lines about my practice and send them to you. You can paste them into your own email, add a few lines about your professional and then send the email to both of us.”
Building a Powerful Message: Thoughts and Feelings

- One part of the brain uses information to **make sense** of an investment
- A different part of the brain **decides to take action** based on feelings

For illustrative purposes only. Current analysis does not guarantee future results. Source: National Association of Realtors
Building a Powerful Message: Pain As the Primary Motivator

- Pain is the primary motivator of human behavior
- Pleasure can motivate action; but pain is over twice as motivating as pleasure

For illustrative purposes only.
Current analysis does not guarantee future results.
Through February 28, 2013
Source: Bloomberg, Kahneman and Tversky, National Association of Realtors and AllianceBernstein
Six Components of the “Lead To” Message

1) **Single** → One idea that the professional can "get" in 10 minutes

2) **Significant** → Idea engages the professionals emotions (“There is a danger....")

3) **Solution** → The advisor has a solution to the dangerous problem

4) **Superior Provider** → The advisor demonstrates a high level of expertise

5) **Someone** → There are clients in the professional's practice that have the problem

6) **Step** → The advisor offers the professional an easy, low-risk and no-cost way of engaging
Prepare for the Meeting: Create a “Refer-able Message”

1) Introduce Problem → “There is a danger...”
2) Reveal Mechanisms → “Here is how it happens...”
3) Explain Consequences / Implications → “Here is what will happen to investors...”
4) Propose Solution → “Here is how to fix the problem...”
5) Reveal Mechanisms → “Here is how the solution works...”
6) Close for Next Step → “Here is what you should do...”
Ending with a “Next Step”: The Three-Step Close

Step One

“Was this helpful?”

Step Two

“Would this be helpful for _____?”

YES

Step Three

“Let me make you an offer…."

(Offer the easy, low-risk and no cost step)
The Challenge of Execution

- Set aside 2–3 blocks *at the same time* every week for outreach
- Most advisors who “fit in” outreach to their schedule do not execute

<table>
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<th>SUNDAY</th>
<th>MONDAY</th>
<th>TUESDAY</th>
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<td>Outreach Meetings</td>
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Important Information

Please be advised that attorneys are bound by their state’s own adoption of the Model Rules/Model Code of Professional Conduct, which may in certain situations limit their ability to enter into a referral arrangement with a non-lawyer professional such as a financial advisor.

In accordance with their professional responsibilities, attorneys making such referrals must not allow the arrangement to interfere with their professional judgment as to making referrals or as to providing substantive legal services.

When referring clients to a financial advisor, any reciprocal referral agreement must not be exclusive and the attorney’s clients must be informed of the referral agreement. Attorneys must be aware of any conflicts of interest created by such arrangements. Reciprocal referral agreements should not be of indefinite duration and should be reviewed periodically to determine whether they comply with these Rules.

If you are unsure of an attorney’s obligations in recommending you to their clients, you may check with your state’s Bar Association.

This material was created for informational purposes only. It is important to note that not all Financial Advisors are consultants or investment managers; consulting and investment management are advisory activities, not brokerage activities, and are governed by different securities laws and also by different firm procedures and guidelines. For some clients, only brokerage functions can be performed for a client, unless the client utilizes one or more advisory products. Further, Financial Advisors must follow their firm’s internal policies and procedures with respect to certain activities (e.g. advisory, financial planning) or when dealing with certain types of clients (e.g. trusts, foundations). In addition, it is important to remember that any outside business activity including referral networks be conducted in accordance with your firm’s policies and procedures. Contact your branch manager and/or compliance department with any questions regarding your business practices, creating a value proposition or any other activities (including referral networks.)