

InvestmentNews

Want to communicate better? Tell a story

By Lavonne Kuykendall

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Explaining bond interest or talking about an apple tree that bears fruit: Which approach to shedding light on yield is more illuminating for clients and prospects?

If you chose the apple version because it is easier to understand and less likely to make clients' eyes glaze over when discussing matters financial, then you understand why more advisers are turning to storytelling to explain financial concepts and enhance their marketing.

"Stories are a way to reach like-minded clients," said Scott Slater, managing director of business consulting at Schwab Advisor Services. "I encourage advisers to be prepared to talk about what your value is, and weave into that a story about the kinds of clients you work best with and examples of the kind of work you have done."

Although financial advisers are good with the so-called left-brain skills of facts and figures, it is the softer right-brain skills that establish an emotional connection with clients, Mr. Slater and others said.

Creating stories that showcase your abilities and the work you do gives clients something to pass along to potential referrals. Well-told stories that give examples of how you work and that offer analogies for difficult financial concepts tend to stick with clients and are more likely to be repeated than jargon-filled pitches.

Done right, it is a low-pressure way to get your current clients to tell their friends about you.

James Knight, chief operating officer of Vista Wealth Management LLC of Palo Alto, Calif., collects potential story ideas by asking the firm's advisers for examples of various ways that they have helped clients with difficult issues. The firm narrows the list down to four or five topics, which they develop into small case studies.

The process, which the firm has used for about three years, has made a "huge difference" in obtaining client referrals, he said.

"If you just ask for referrals, they go through their list of friends in their mind, but they don't really know what help they need," Mr. Knight said. "If you use a story or case study and ask if they know anybody else who needs this specific help, it helps the client focus on who they might refer."

To maximize the value of the extensive tax-planning experience of the founding principals of advisory firm Harris-SBSB, the firm holds monthly coaching sessions at which advisers role-play and tell their version of the firm's origin and culture, said managing director Pete Speros.

Advisers then tell prospects the story when they meet for the first time.

"Advisers have the core pieces, and they put it in their own words, because nobody believes a memorized story," said Mr. Speros, whose firm is a unit of BMO Financial Group.

GETTING REFERRALS

Advisers also practice telling stories about some of the firm's processes. Mr. Spero calls it a gentle way of getting advisers comfortable with asking for referrals and closing new business.

"Most of our relationship managers worked completely on the service side of managing client relations and never had any business development responsibility," he said.

In the first year they began developing stories, the firm focused on using the stories to encourage client referrals.

"Anyone who tells you they are 100% comfortable with asking for client referrals is not being honest," Mr. Spero said.

Storytelling “eased us into it,” he said.

The stories also work when prospecting opportunities such as social events.

“We can informally talk about our value proposition and what we do,” Mr. Spero said.

Good stories can't just be tossed off randomly. Experts suggest practicing stories on others to make sure that they flow well and are free of jargon.

“People don't argue with stories; they interpret them,” said Mitch Anthony, co-author with Scott West of two books about the subject, including “Storyselling for Financial Advisors: How Top Producers Sell” (Kaplan Publishing, 2000).

“Analogies and metaphors are based on brain science; there is emotion attached,” he said. “Good stories bring clarity, and people repeat them.”

Beginners often put too much detail into stories, which makes them hard to remember, Mr. Knight said.

“It is best to keep stories very simple and easy for clients to follow,” he said.

In addition to case-study-type stories, Mr. Anthony recommends developing analogies and meta-phors to explain financial concepts that many people don't understand, such as using an apple tree to explain bond interest.

ESTABLISHING A RAPPORT

Robert A. Caldwell, an adviser in Jackson, Tenn., tailors his approach to each client, noting that if he can get them to laugh, he establishes good rapport.

He has helped many clients with estate planning, and uses stories to explain how different approaches have worked out.

One story that Mr. Caldwell tells about the risks of favoritism is about a father who left the majority of his estate to his son. His two daughters, who took care of him in his last days, felt hurt, but they understood and accepted their father's old-fashioned values.

Surprisingly, it was the son who rejected his sisters, perhaps out of guilt over how things were settled.

For too many advisers, conversations are about facts, said Mr. West, head of Invesco Van Kampen Consulting.

“The industry has always appealed to the wrong side of the brain,” he said.

“Advisers should start by asking questions to find out a client's interests and then use stories about that. Clients are drawn to advisers who take this approach.”