

MARKETING

Worried about do-not-call laws limiting your access to the high-net-worth? Don't. There are other, better, ways to reach this desirable clientele

Finding the HNW

BY BRYCE SANDERS



Photo: Chris Whitney/Doylstown, PA

BUILDING A PRACTICE FULL OF HIGH-net-worth clients involves developing relationships with wealthy people. But recent “Do Not Call” legislation has left many advisors looking for replacement strategies to reach this market.

Look no further. The HNW prospects you want to target have almost never been reachable by phone. Before “Do Not Call” legislation, they utilized do-not-call barriers such as answering machines, call blocking, caller ID, and staff members who screen their calls.

But don't despair. It can be easier to meet HNW prospects socially than to get them on the phone. Wealthy individuals are often involved in local charitable or service organizations. They may be motivated for philanthropic reasons, for business reasons, by a motivation to “give back,” or simply because of family tradition. You can get involved in those organizations as well, and can give back to your own community. Doing so will also give you an opportunity to meet those HNW prospects, and for them to get to know you in a non-sales-oriented environment.

You can be involved in many different types of organizations if your only goal is to give back to the community. However, to give back and build relationships with HNW individuals, the organizations should

share four characteristics:

They should attract wealthy individuals. The organization needs a significant number of donors at the \$1,000+ level. Community organizations such as museums and hospitals publish annual reports (also Reports to the Community or Records of Philanthropy) that provide this information.

They should provide opportunities to meet and greet. The ideal organization brings members together once a month at a meeting, event, or opening. Museums are an ideal example. Organizations with one or two major meetings a year don't give you the same opportunity to meet people.

They should have high visibility. People should recognize the organization and immediately make the connection: “That's the wealthiest club in town; if she belongs, she must be successful.”

They should provide a positive impression. Avoid controversial issues and organizations. If you joined an organization representing one side of an issue where public opinion was evenly split (should we build a bypass or preserve the environment?), you may be alienating 50% of your potential HNW prospects.

Examples of groups that exhibit these characteristics include:

- Museums
- Medical charities

- Chambers of Commerce
- Religious institutions
- Neighborhood associations
- Alumni associations
- Country clubs
- Hospitals
- Special-interest clubs, such as those for sports car owners.

The Cost Is Reasonable

Time is always an issue, so to effectively utilize a social prospecting strategy, consider two rules of thumb. First, choose four organizations to join, each of which attract different audiences. In other words, don't join four art museums. Second, commit one evening per month to each organization.

My experiences at a local museum can serve as an example. Here's how:

Exhibition openings—three hours a month. An opening may run from 6:00 P.M. to 8:00 P.M. Add 30 minutes transportation time getting there and back.

Networking afterwards—three hours. When the opening concludes, no one has had dinner yet, so say to your new friends, “We're trying that new Italian restaurant in town—want to join us?” There's no extra cost to you: Most people will understand it's a “Dutch treat.”

Dinner parties—six hours. Developing relationships can take forever if you see

people only once a month. Inviting people to dinner at your home speeds up the process. Invite two couples and invite a client couple. Between shopping, cooking, entertaining, and cleanup you'll invest about six hours.

Involvement with community organizations conjures up visions of serving on boards and making major donations, both of which can stretch the resources of many advisors. We're talking about belonging to an organization, not serving on the board and running it, so this brings the time—and dollar—costs down. Let's use our museum example.

Basic membership—\$50-\$100. This usually enables you to attend receptions and openings plus visit without paying admission fees.

Annual fund—\$100+. Like your school, museums have a campaign to raise operating funds for the institution. Contribute at least \$100 so you are listed in the annual report. Different levels of contribution get you on different lists. The higher the donor level, the more exclusive the invitations you receive.

Special events—\$50 each. A museum may attract non-traditional audiences through such events as Jazz Nights. Attend a few of these events.

Assuming your local museum has one opening per month, your investment of \$250-\$300 has enabled you to attend regular events (often monthly) plus a couple of extra events.

What's the Payoff?

Many advisors join an organization but then rarely attend functions or, when they do, mingle only with their friends. These advisors often say: "I've never gotten a client this way."

The objective is to meet six new people at every event you attend. Six people per event, four events per month, twelve months to the year yields 288 high-net-worth prospects. Can it be so simple?

No, because two-thirds of the people you meet will be wrong. A third may become great friends, but don't fit your ideal client profile. Another third may be wealthy, but there's no common ground. This leaves the final third of about 100 wealthy people who like you and share similar interests.

Remember, when meeting people, your aim is to communicate three points: who

you are; what you do; and why you are good at it.

Don't rush the process. This isn't about swapping business cards, then calling for business. It's about raising your visibility, meeting the right people, and creating a positive impression.

Okay, so you're attending events and meeting people. How do you know those are the right people to meet? Start with the organization's annual report, which often identifies the major donors, then get to know two members of the group's professional staff: the membership director and the development director. Those two can introduce you to a third important staff member, the publicity director. These people know most of the key members of the group and often can provide introductions.

Only several months later will you want to meet the museum director. Other advisors may want to go straight to the director, often approaching them to "handle the endowment" or targeting some other lucrative piece of business. They've heard it all before. You want to be different. Let them learn about you.

Ways to Make an Impact

The strategy up to now has been social prospecting—meeting people and developing friendships. You may decide, for business reasons and personal reasons, that you want to take an active role in the group. If so, identify an issue that's critical to the organization, which usually involves one of three areas:

Membership. Dues-paying members are the backbone of any organization, and gaining new members is the responsibility of the membership director. Here's one way to make an impact: Invite 20 friends to your home for a cocktail party and explain that the purpose is to "learn about the exciting things the museum is planning to do and encourage you to get involved." Someone from the museum speaks to the group for 15 minutes and gathers completed membership applications. When that person returns to the museum and tells the membership director how you signed up 15 new members, you are on the right track.

Fund Raising. The people who bring in the money are among the most valuable in the organization. Here's how you can make an impact in this area: Meet with a


wealthy community member and ask her to co-sponsor an event. Attend the event with that person, introduce her to other members, and make sure she gets attention and recognition. Now you have developed a relationship with that person who made the donation but also had a good experience. It paves the way for approaching her again.

Event Planning. Most organizations do black-tie dinners, golf outings, or some other high-profile event. Whether you have one day a year or one day a week to invest, you can get involved. Here's how: Many groups sponsor charity auctions, with prizes donated by wealthy individuals or successful business owners. Follow the strategy shown above in fund raising. Again, you gain appreciation from the donor and from the group's development director, and gain satisfaction from supporting this worthy cause yourself.

The Bottom Line

Business comes in many ways when you take this low-key approach to meeting high-net-worth people. You may do business with people you meet in the organization and those people may become sources of referrals. Likewise, you can find business within an organization, such as managing an endowment, and you can get referrals to other, similar organizations.

Remember, you're getting an opportunity to tell your story—who you are, what you do, and why you're good at it—and you're increasing your visibility. You may also find the opportunity for speaking engagements—on behalf of the organization or about planned giving opportunities to potential donors—and an ideal location for delivering seminars. Cultural organizations are often centrally located, and the organization's name and location can add to your stature.

In the end, this approach provides benefits to all. Meeting the right people is critical to building a high-net-worth clientele, and it can be done while giving back to your community and enjoying yourself. 

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