



Proven 5-Step Sales Process

Making the sale - Analyze every prospect's investment portfolio.

You must establish a perceived need for your services. That need can include reducing volatility, lowering risk, increasing return, greater predictability of performance, increasing the probability of achieving financial goals and greater confidence that you have the tools and knowledge to meet those perceived needs.

Example (how you can market your risk analysis)

Several years ago a major mutual fund company sent out approximately one million mailers to prospective clients and simply asked "would you be interested in knowing how much risk you are currently taking in your portfolio?" They received over 300,000 responses to the mailer. Therefore, risk analysis for clients and their portfolios is not only the proper way to begin development of successful investment strategies, but it is a tremendous marketing tool. From a marketing standpoint, there are very few investors who would not pay to know how much risk they are currently taking with their portfolio and what kind of performance might be expected. We constantly get rave reviews from our clients telling us how much new business they are generating by using ICE to analyze risk for clients and prospects.

1. To begin, you should establish the prospect's risk profile.

You cannot express an investor's tolerance for risk generically such as Growth or Growth & Income. Investors deal with risk in quantitative terms such as how much capital are they risking with any investment strategy.

2. How risky is the prospect's current portfolio of investments?

Let's begin with the assumption that investors are inherently risk averse. If investors say they want a 25% rate of return but are not willing to lose any money (how many times have you heard that?), they are really expressing their view towards risk.

It is virtually impossible to develop meaningful portfolios unless you have knowledge of how the existing portfolio might be expected to perform. Managing the investor's risk and expected performance are critical in providing sound financial advice.



3. **Are the current investments appropriate and what rate of return might be expected?**
Based on analyzing the historical performance of the portfolio what rate of return might be expected and is this reasonable given current economic and market conditions? You might also review expected returns using forecasted performance for the asset classes comprising the portfolio.
4. **Will the current investments achieve established financial goals?**
Set up the financial goals the prospect has (i.e. retirement, college, wedding, major purchases, etc.) and calculate the probability of achieving their objectives.
5. **Close the sale** - Compare existing and recommended investment strategies to demonstrate the benefits of following your recommendation.
 - a. Higher returns
 - b. Lower volatility (risk/return analysis)
 - c. Better balance (low-negative correlations)
 - d. Financial goals can be achieved

All 5 Steps noted above are part of AdvisoryWorld applications' systematic workflow.

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