

Perspectives

Sell the Process, Not the Product



BY ROEY DIEFENDORF JR.

I began my career in the financial services industry on the life insurance side. I was the fourth generation of life insurance salespeople in my family. I was proud of my heritage, and I actually sold my

first life insurance policy before I graduated from high school. I loved selling this product, and during my college days I determined that I, too, would be a life insurance salesperson. I went on to Georgia State University to obtain a Master's in insurance, and upon graduation, I returned to New York to begin my sales career. In those days, the products were limited, and the level of sophistication was moderate at best. After only a couple of years, my father led the charge into "needs selling." Our agency successfully made the transition, but it wasn't long before I realized that something was missing.

Our early days of "financial planning" were done on a "gratis" basis. We provided "programmed" planning in order to sell our products. But in 1980, I was introduced to a pioneer in the financial planning industry: Ed Cox of Salt Lake City, UT. He began a crusade that changed my career forever: He told me to "sell the process." And, by the way, charge for it! But wait — would my policyholders really be willing to pay for our planning services?

In 1981, we created a financial planning company, Structured Capital Designs Inc. (SCD), that was strictly fee-based. SCD did not sell products; it sold a process, a process that would systematically review the key elements of financial planning: debt and cash flow management, risk management, education planning,

tax planning, investment planning, retirement planning, and estate planning. I remember the first time I told one of my policyholders that we charged a fee for our services. The bone got caught in my throat. But I swallowed hard, and with each passing interview, the request for payment became easier. Here's what I found out:

1. I started selling more life insurance once I stopped selling life insurance. My production doubled overnight.
2. My clients' perception of me radically changed. I was no longer the insurance salesperson, but rather a real financial planner.
3. Our planning fees created added cash flow to improve our services to clients.
4. Policyholders became clients. In addition to increasing my life insurance sales, my securities sales were boosted.
5. The planning software must be report-driven, not text-driven. Again, I leaned on Ed Cox and his Financial Planning Systems software to give us the analytical tools to make recommendations. No fluff, no superfluous verbiage, just the facts. This did require a greater degree of understanding and a need to increase my knowledge base beyond my life insurance degree.
6. There are no tricks to the trade, and education is not optional. Professional designations are

mandatory. You're not a financial planner just because you have a license.

7. Boredom rarely sets in when you sell the process versus a product. Rather than giving the same old sales pitch, which can end up sounding like a broken record, you let your clients "play their record," which is new with each one.

In May 2005, I began my 36th year of selling life insurance. I am proud of the job I do. But the past 25 years as a "planner" salesperson have made my career more interesting and more lucrative.

Here's my advice to those beginning their careers: Seek out an organization with which to affiliate yourself that utilizes fee-based planning to deliver solutions to your clients' problems. Grab hold of a software vendor that provides a totally integrated system for analyzing client data. Charge for your services. To be a professional, make a commitment to obtain your CLU designation, but don't stop there.

The best way to predict the future is to create it. There will always be the need for life insurance products. But your career will never reach its maximum potential if you simply sell the product. Create a process of needs selling that works for you, and your career will take on greater significance and fulfillment. Remember, it's up to you.

Roey Diefendorf is CEO of Diefendorf Capital Planning Associates in Locust Valley, NY. For more information, visit www.diefendorfcapital.com or call 516-759-3900.