



Shine With Niche Marketing

By [WARREN S. HERSCH](#)
Published 10/19/2008

If the figure of speech, “jack of all trades, master of none,” rings true for you, then you should have little trouble agreeing with its corollary: If you want to be successful as an advisor, then you would do well to narrowly define your market, rather than pursue prospects indiscriminately.

“By focusing your practice on a niche market, you increase your value to the client and enhance both your reputation and your ability to be referred to other prospective clients,” says Bill Cates, founder and president of Referral Coach International, Laurel, Md. “You also get more and better targeted referrals because it’s easier to identify all the players in your niche.”

Advisors can enhance their value to prospects, sources say, in part by gaining a greater understanding of their needs than is possible when marketing to a more diffuse clientele. The producer who specializes in servicing restaurant owners, for example, gets to know in-depth the unique issues bearing on cash flow, employee retention the business cycle and, thus, insurance and financial planning needs.

Producers can learn, too, the formal and informal ways through which restaurant owners communicate with one another—through association meetings, study groups, newsletters, magazines, and the like. As they establish themselves within the niche and gain notice for good work, securing business with client prospects becomes easier because their reputation will have preceded them through word of mouth.

Michael Hamrick, a financial planner with AXA Advisors, LLC, New York, knows first-hand the benefits of such narrowly targeted marketing. Based in Nashville, Tenn., the nation’s country music capital, Hamrick does business chiefly with country music songwriters and artists, counseling them on such diverse areas as insurance, retirement, estate, charitable and business planning

An avid guitar player from an early age, Hamrick is deeply involved in the town’s music scene. He regularly attends the Country Music Hall of Fame and Museum cocktails and receptions, invites musicians over dinner and bumps into artists at various gatherings. As a member of the Country Music Association, Hamrick also advertises his services in the CMA Directory and has access to a large contact list of songwriters, artists and management companies that he leverages for prospecting purposes.

That access, however, doesn't always translate so easily into meetings with prospects. Generally, he says, songwriters can be approached directly. Meetings with artists, especially the more prominent ones who earn 7- and 8-figure incomes, typically must be arranged through "gatekeepers"—accountants, lawyers and management companies that oversee the artist's various professional service needs.

"It's easy to get introductions and referrals in this business," says Hamrick. "What's more difficult is gaining access. But there's no silver bullet, no technique that will work every time."

"At end of day," he adds, "the key to success in this market is an advisor's ability to build relationships, which can be long a process. This really is a market that requires great patience."

For Brock Jolly, advisor at Capitol Financial Partners, Washington, D.C., access to prospective clients represents not so high a hurdle. And the reason has much to do with his soft-touch approach: Jolly meets with many of his target prospects—parents in need of counsel for funding a child's education—through an introductory two-day course he teaches on the subject.

Offered through adult and community education programs located in Arlington, Alexandria, Loudoun and Fairfax counties, Va., Jolly's course reviews the requirements for securing various forms of college funding, such as grants and scholarships. The class also covers funding strategies when outside financial aid isn't forthcoming. The central challenge for many parents, says Jolly, is devising a workable strategy when other potential sources of funding are tied up in illiquid assets, such as home equity and retirement plans.

At the close of the two-day course, Jolly offers the parents the opportunity to meet for a free follow-up consultation, an offer that most are quick to take up. On average 80% of attendees (generally there are 20 per class) agree to the free consultation and, subsequently, a client engagement. Many of these parents learn about the class through Capitol Financial Partners' direct mail efforts. But a growing number, says Jolly, sign up for the course as a result of referrals from existing clients.

"The college funding space is by far our best-developed market, accounting for more than 60% of our book of business," says Jolly. "The class offers parents a non-threatening way to get educated about this area and to learn about our services."

"To promote the course, we go to a lot of college fairs and back-to-school nights," he adds. "Our message at these forums is simple: Now that you've chosen a school, you need to figure out a way to pay for it."

Not all advisors tailor their prospecting outreach as narrowly as Jolly and Hamrick. Benjamin Hill, a certified financial planner and president of Wealth Enhancement & Preservation, Westlake Village, Calif., pursues 3 target markets: new retirees who are looking to set up an income distribution plan; holders of property that has appreciated significantly in value; and individuals, typically those with estates valued at \$10 million-plus, who are interested in establishing a legacy for heirs or charity.

To reach these prospects, Hill directs much of his marketing efforts at business executives employed by major companies within his metropolitan area, including Verizon and Southern California Edison. To connect with the charitably inclined, Hill also sits on the board of several community non-profits, including a local chapter of the Boys and Girls Club of America; and the Pat Tillman Foundation.

When participating in non-profit events, says Hill, he's careful to keep his practice at arms length so as not to convey the impression that he's using his position to generate business. When, conversely, he has a client engagement, he's mindful to collaborate with the client's other advisors, including the client's accountant or attorney, to ensure the planning process runs smoothly—and to win over potential sources of new referrals.

“When we get new clients, we make sure to interact with their advisors, partly to ensure the planning is well coordinated,” says Hill. “Sometimes, however, attorneys are less willing to refer, partly because a lot of their business comes from other advisors like us.”

Such conflicts notwithstanding, sources say these other advisors are potentially great resources with which to mine promising market niches, not least the small business space. Indeed, New York-based Guardian Life has developed programs targeting CPAs because, according to the firm's proprietary and market research, including regular meetings and focus groups, CPAs are the business owners' primary center of influence.

To enhance that relationship, Guardian avails its advisors and partnering CPAs of a “Living Balance Sheet,” software that helps business owners “stress test” their finances with scenario planning. Among other capabilities, the technology aggregates information from more than 5000 financial institutions, allow business owners to look at their personal and business finances side-by-side and see how their decisions impact their bottom line.

“Courting a CPA is generally a long process,” says Katherine Readinger, a second vice president of marketing at Guardian Life. “It isn't easy to win their trust, but when you do the rewards are great. You have to come with a value proposition and clearly communicate how the relationship will benefit the CPA and their small business owner client. And you have to show how you will enhance the CPA's relationship with the client.”

Also providing tools to assist producers during the discovery phase of the client engagement is National Life Group. Louis Puglisi, a vice president of life distribution at the Montpelier, Vt.-based insurer, says the firm has developed in-depth fact-finders for advisors who market to 3 market niches: “growing” (individuals aged 25 to 45 who are accumulating wealth); “established” (those generally between 45 and 64 who are looking to preserve their wealth); and “mature” (clients 65 and older who have distribution and estate planning needs).

Devoting one's practice to prospects occupying a particular age or income bracket might prove profitable in the long-term. But Referral Coach International's Cates doesn't think this is the easiest route to securing referrals and winning new business. The wisest approach, he says, is to narrowly tailor one's target market to a particular occupation, industry lifestyle or affinity group.

“The reputation-building and referral gathering is harder in niches that are defined by age group or income,” says Cates. “The emerging affluent have a zillion different hobbies and interests. But if you target a Corvette owners’ club or a hot air balloon club, you have more leverage. It’s much easier to get referrals and create a reputation when you’re dealing with a well-defined group.”

One advisor who has done well for himself by targeting the affluent, in particular high net worth families, is Roey Diefendorf. A certified financial planner and principal at 3 Dimensional Wealth International, based in Locust Valley, N.Y., Diefendorf attributes his success in part to development of a business model, dubbed “total wealth planning,” that is customized to the needs of families with \$20-million-plus in net worth. To devote the time necessary to prospect to such a select clientele, Diefendorf has also delegated tasks—investment management, annual reviews of insurance policies, tax planning etc.—that in years past he handled himself.

Yet another factor to which Diefendorf gives credit is his go-slow approach. He’s gradually increased his focus on the high net worth over 6 years, a time during which he’s had to revamp many facets of his practice.

“When I went off to pursue this niche market, I initially devoted no more than 10% of my time to developing it,” says Diefendorf. “I considered this prudent because selling to the high net worth can be significantly longer than marketing to people in lower income brackets.”