

<p>TOP STORIES IN WEALTH MGMT 1 of 12</p>  <p>Cold Calling Still in Style for Some Ad...</p>	<p>2 of 12</p>  <p>Vonnegut: Pieces of an Advisory Dream T...</p>	<p>3 of 12</p>  <p>Consultants Help Clients Find, Fire Adv...</p>	<p>EXIT</p>  <p>Pimco Total Return's Peers Suffere...</p>
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WEALTH ADVISER

Cold Calling Still in Style for Some Advisers

But pushing products at first can be a big turnoff

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By **MATTHIAS RIEKER** CONNECT
 March 20, 2014 9:29 a.m. ET

When adviser Rahul Shah wants new business, he sometimes still relies on a tried-and-true method that neither social media nor the do-not-call registry has really killed off: the cold call.

"Instead of sitting around brainstorming, pick up the phone," says Mr. Shah, who runs Peninsula Wealth LLC in San Francisco with his wife Tejal.

A former Merrill Lynch broker who became independent four years ago, he credits cold calling with helping expand his business, from \$50 million in assets and 30 clients to \$200 million and 90 clients now.



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Of the roughly \$100 million in net new assets, over 50% resulted from cold calling, Mr. Shah says.

And no longer being associated with a big Wall Street company has made the tactic even more effective, he says. "People are more receptive when we are calling now that we are independent."

For many advisers just starting out, and for some veterans like Mr. Shah, cold-calling prospects remain a vital part of the business.


To some, picking up the phone with the hope of breaking ice with potential clients doesn't sit well. Some advisers can't stand rejection or believe there are more effective ways to connect with prospective clients, say through Facebook FB -0.64% or LinkedIn. Others also may stop doing the practice once they feel they have built a solid business.

Those who pooh-poo cold calling are simply "afraid of the phone," says Michael Silver, senior managing partner at Focus Partners LLC in Paramus, N.J., a consulting firm that works with advisers.


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Cold-call proponents say the tactic is effective when an adviser spends the time to research each prospect and then confidently expresses the ability to provide value to the person.

In Mr. Shah's case, he doesn't push products, which can be a big turnoff for some prospects. "We aren't coming with paperwork," he recalls telling prospects when he started his firm. It's a strategy he has kept every since.

In the 20 cold calls he makes each month, he reaches out to prospects at their offices, never at their homes. He focuses on executives at technology and biotech companies, as well as employees who have worked at those companies for a long time and have accumulated stocks and options. He finds many who admit to procrastinating over whether to hire an adviser and who are open to a discussion.

Jonathan Warren Burkan, a New York adviser with UBS AG UBSN.VX +1.50% who started his career at Merrill Lynch in 2001 focusing on lawyers, says his cold-calling efforts were a trying experience.

"Nobody wanted to talk about stocks," given the market slump at the time, he says. So he offered a 3% interest-only mortgage product, which got his prospects to listen at a time when most people paid more than twice as much in mortgage interest.

"Don't hang up on me, I am not calling about investments; I have this incredible mortgage," was a standard line he used.

Cold calling fell by the wayside as the practice grew, says Mr. Burkan, who now manages about \$140 million for 70 clients. But soon after he left for UBS in 2007, the market crashed again, and he revived the tactic. "I realize I learned all these incredible techniques."

He focused on pharmaceutical executives, studying the industry and impressing prospects with his knowledge. He taught his interns about the pharmaceutical business, and what he learned at Merrill Lynch about cold calling. As a result, one of them landed a \$10 million account.

Mr. Silver of Focus Partners notes that targeting a specific group of prospective clients with a specific product can make cold calling successful. Lawyers, for example, often receive big cash payments as part of partnership distributions, and an adviser can get a foot in the door by offering money-market alternatives to hold that cash, he says.

Mr. Silver recommends sending a letter first--an opener to a conversation and a way to bypass secretarial gatekeepers to whom the adviser can say the call is a follow-up.

Still, cold calling has its critics. Winnie Sun, the managing director of Sun Group Wealth Partners in Irvine, Calif., which manages about \$140 million for 250 clients, calls cold calling outdated and intrusive.

"[Calling clients] out of the blue, it's not only not effective, it's also not polite," she says, citing social media as a better strategy to target prospects.

There are advisers who recognize both sides of the argument.

Rick Bloom, of Bloom Asset Management, an independent advisory firm in Farmington Hills, Mich., that manages more than \$1 billion in assets for 1,200 clients, says cold calling "doesn't create the right tone," but he acknowledges that it could be effective. "Not that you can't get some business from it--you can."