

Avoiding the Mushy Pipeline Syndrome

# 5 Steps to Better First Meetings

MARKETING COMMUNICATION | January 2023

## The “Mushy Pipeline”

The seeds of a mushy pipeline are sown in a first meeting. Too many first meetings are run in an unstructured way. Many advisors will admit to simply “winging it” – they go with the flow, based upon the direction the prospective client seems to want to take things.

### THREE REASONS A MUSHY PIPELINE CAN HURT

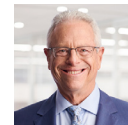
- 1 It can zap your spirit. If you keep looking at a growing pipeline report, where the first meetings seemed to go great and now the prospects seem disinterested, it can get depressing
- 2 It provides a false sense of security about just how well the year is going to finish.
- 3 Managing a mushy pipeline will drain what may be your most valuable asset: time.

If you were to run your first meetings the same way time and again, not only would you get really good at first meetings, you would also be able to focus all your energy on listening to the spoken and unspoken word instead of expending energy looking for your next move – your next “angle.” Your listening will become “agendaless” and you will learn a lot more about and establish a much more powerful connection with your soon-to-be clients.



## ADVISOR INSTITUTE

### AUTHOR

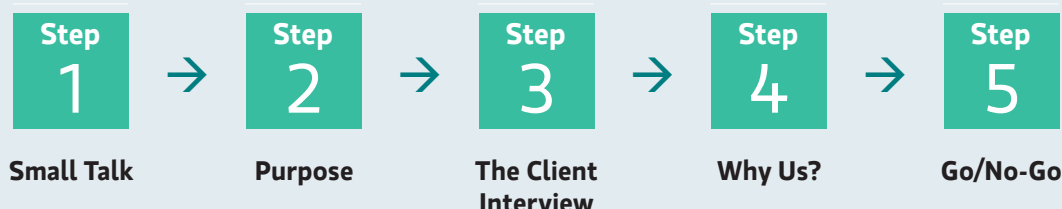


**DAVID RICHMAN**  
*Managing Director  
Advisor Institute*

## Better First Meetings ...

... are purposeful, coordinated and conclusive. Let's look at the flow for an hour meeting. Why an hour? First, because it's going to take an hour to run a "Better First Meeting." Second, because it is pretty common for people to block their calendars in one-hour increments, whether in person or virtually.

Whether a first meeting occurs on the phone, video conference or in a conference room, the same fundamentals apply when running purposeful, coordinated and conclusive first meetings. We see it as a five-step process.



### Step 1: Small Talk

With the rarest exception, first meetings start with "small talk." Small talk should begin a conversation, not become a conversation. It gets things started, and is especially important for establishing rapport in virtual meetings.

The question is: How long should you let small talk continue? Some advisors respond: "For as long as it takes." We couldn't disagree more.

Five minutes feels right. If you are concerned that five minutes will not give you enough time to "build rapport." Don't worry, we will provide ample opportunity to build rapport in step 3.

### Importance of Coordination for Teams

If you use a team approach at first meetings, coordination is critical. You want to do more than merely appear like a well-oiled machine. You want to be one. Decide what your respective roles will be and who will take the lead on different topics. If the meeting is virtual, consider having one member of your team act as the video conference emcee who helps prospective clients connect, mutes nonspeakers, shares documents to the screen and monitors call quality. It is especially important to agree ahead of time who will run the timing of the meeting, who will be the "metronome" – the person who will be thinking: "That's about five minutes of small talk, we need to move things along."

### Step 2: Purpose

Next, segue to "why we are here."

**ADVISOR:** "I'm sure we could talk golf for days. In the interest of time, may I suggest we get down to the reason we are here today?"

Then get right to the purpose.

**ADVISOR:** "The purpose of our meeting is to determine whether we might be a good fit for one another. You will want to assess whether the things that you might be looking for in a client experience and in an advisory relationship align with our approach. Also, we will consider whether we think you would be a good fit for our practice, a good long-term client we could serve well. We both will want to make sure the "chemistry" feels right. You prefer long-term relationships, and so do we."

"In our time today together, let's kick each other's tires and at the end of the hour determine whether or not we agree it makes sense for us to take a next step. If not, that's OK. It doesn't make either of us bad people. It simply means we weren't a good fit. Rest assured, anything you reveal to us will be kept in the strictest confidence whether we choose to work together or not. Think of it as if you were meeting with a doctor. Does that make sense to you?"

Better First Meetings should be **purposeful** and **coordinated**. In the example above, the advisor effortlessly segued from small talk to articulating the purpose of the meeting and then to having the prospective client agree on what was to be accomplished. That last step is critical: Better First Meetings are designed to be **conclusive**. They are not designed to end with a big blank stare as you and the prospective client figure out where to go next. You and the prospective client have agreed to what will be accomplished in the hour. There will be no surprise sprung at the end of the meeting, and

### Virtual connections

Many advisors report that the approach for Better First Meetings is equally as effective during video conferences – which is no surprise to us. By incorporating a few simple best practices into your video conference experience, virtual first meetings can be just as fruitful as in-person first meetings.

Consider the following to make the most of the virtual experience for prospective clients:

- Set a professional stage by clearing away background clutter, lighting yourself from the front to eliminate distracting shadows, and dressing as you would at the office .
- Employ good video etiquette by muting your microphone when you are not speaking and “muting” your camera if you need to move out of frame for any reason.
- Practice in advance and prepare documents you plan to share so that clients can enjoy an experience as smooth, polished and professional as the one you would offer in person.

Virtual professionalism lets prospective clients know that the virtual meeting is as important to you as an in-person meeting would be. It also gives them an important example of what it feels to be your client.

nothing that will cause you to add one more name to a mushy pipeline.

Setting the purpose as such also has another powerful implication. You have made it clear that there needs to be a sense of “mutual fit.” This means “our hour together” is actually a two-way interview. You are letting prospective clients know that while they are interviewing you to assess whether you’re a fit for their family, you are interviewing them to see if they’re appropriate clients for your practice.

### Time Check

Articulating the purpose of the meeting should take about two minutes. We suggest you allot five. Face it: There’s a good chance you run past five minutes of small talk. Make sure that at the end of 10 minutes, you have finished the small talk, described the purpose of the first meeting and achieved client consent regarding the meeting’s purpose.

What comes next?

### Step 3: The Client Interview

The client interview is the heart of your Better First Meeting. This process will take about 40 minutes.

Prospects will want to do business with you if you:

- Are committed to and effective at deep discovery.
- Seek to fully understand their stories and what matters most to them.
- Ask pertinent questions that they never considered before.
- Actually listen to their answers.

We suggest an approach using four core topics. If you prefer an alternative approach, go with it. Be consistent. The best advisors we know run their first meeting interviews the same way every time.

Remember the objective. By the end of the client interview you should have developed a historical perspective and strong insights into how the prospect’s life and money intersect in their past, present and future.

This is no time to provide a sterile “value proposition” with shop-worn words like comprehensive, holistic or comprehensively holistic. This is the time to succinctly bring yourself to life in the prospective client’s mind, to become relevant and necessary. Delivering this view eloquently allows the prospective client to start to understand and appreciate what you could mean in their lives. In other words, this is not the time to pull out a pitch book.

Talk about **you** within the context of **them**.

### **The Four-Topics Approach**

#### **TOPIC 1: HOW?**

“How did you manage to accumulate so much money?”

Most people love this question. In effect, you are getting their story.

#### **TOPIC 2: WHAT?**

“What has been your experience in managing your money?”

For most people, this is a very different line of inquiry. It is where you will delve into their “investment wiring.” Like a great doctor, your ability as a diagnostician should help you understand these people at a very deep level, while also giving the prospective client the clear sense that you are not simply interested in symptoms.

#### **TOPIC 3: RISK?**

“What does the word **risk** mean to you?”

“Risk tolerance” is often superficially diagnosed in our industry. Anyone can fill out a “risk tolerance” questionnaire and do it about as readily as they can surf the internet to diagnose their illness. In both cases, they need professional help. This is an important area for an Intentional Advisor to delve deep.

#### **TOPIC 4: WHY?**

“Why are we really here? What is the purpose of your wealth?”

Purpose tends to endure. “Goals and objectives” tend to change. For most of your affluent prospective clients, their goals are well in hand. Helping them understand and articulate the purpose of their money takes conversations to a whole different level.

Each of the four topics should be allocated 10 minutes. This is not a lot of time, so you will need to be highly attentive and extremely surgical with your follow-up questions. (If you are running the meeting with a partner, this is a place where coordination is vital).

A thorough, professional and empathetic diagnosis from a sincere “in-the-moment” advisor is the place new client relationships are born.

What comes next?

## Step 4: Why Us?

This should only take five minutes.

### It's Not About You or Your Firm

Many advisors admit they will start talking about themselves and their firms prior to doing the client interview. It is usually a huge mistake. They are in your physical or virtual conference room. Why would you start selling?

Some advisors say: "Well, I brought them into this meeting today, the least I can do is spend a few minutes telling them about myself. That's only right." No, it's only wrong.

Others think: "If I start talking and telling them about myself first, that'll more likely get them to open up." That may work on rare occasion, unfortunately more often it has the opposite effect of causing them to clam up. You may not feel like you are pitching. Perhaps you sound like the team they are contemplating firing.

Don't present "why us" or "why me" until after the client interview. This allows you to bring your unique skills and perspectives to life in the minds and hearts of your prospects by relating those skills to the work you do for families like them peppering specifics based upon what you have learned about your new prospective clients.

Sample segue: "Thank you for sharing so much of your life experiences and views with me. Should we wind up working together, we will want to understand some of the things we just discussed at a deeper level. This was an excellent beginning.

Now, please let us take a few minutes to describe our practice to you and hopefully provide insights on what it might feel like to be our client. We will also share our view of the world today, what we believe may lie ahead and outline our guiding principles for you."

### Don't say: "We do retirement planning"

Everybody says that. Instead, say something such as:

"We work with a select number of families like yours who are right on the cusp of the next chapter of life. It sounds as though you would like to stop working as soon as possible. We strive to bring clarity to what life might look like beyond work. Our process goes well beyond money as, together, we try to visualize what that life might look like. We have a lot of perspective. In a way, we feel like we have retired over 100 times because of all the clients we have helped to navigate this next step. Once we develop a vision together, we stress test it financially. That is critical when all of a sudden you're no longer getting a paycheck every two weeks, and instead living off of the distributions from the assets you have accumulated."

"So, we would roll up our sleeves together and start to visualize and prioritize the next chapter ahead. We are not here to be 'yes men and yes women' We are here to help make sure that you get where you want to go. Sometimes there are trade-offs involved."

"From the things we discussed today, you have a big 'wish list' that we will need to reality-test within the context of your total resources and your tolerance for risk."

Doesn't that sound a lot more compelling than saying: "We do retirement planning"?

Hopefully, you asked the prospect to bring investment statements to an in-person meeting or email them to you ahead of a virtual meeting. This would be a wonderful point in a meeting to open up that file.

## Prepare for Statement Pushback

Often, you get pushback from a prospect on the phone about bringing their statements.

**PROSPECT:** “I don’t know if I’m going to want to show you my statements in a first meeting.”

Not unreasonable. This might be a good time for you to use a medical analogy:

**ADVISOR:** “If you went to a doctor for a second opinion on your knee and you already had an MRI completed, are you going to bring the MRI disk for the doctor to put into his computer?”

**PROSPECT:** “Well, of course. Why wouldn’t I?”

**ADVISOR:** “And, if you didn’t like the doctor in your first few minutes with him, you probably would not even hand him the disk, right? Of course, if you do like him you would want to make your time together as productive as possible and let him take a look at the MRI right in front of you, correct?”

**PROSPECT:** “Yes.”

**ADVISOR:** “Although we may never get to your statements, why don’t you bring them so that we can make our time as productive as possible if it makes sense to do so? OK?”

You have just articulated what makes you and your team special, why people do business with you and what you would do for their family, and you have reviewed your ideology or your “guiding principles.” When you review your view of the world and your view of what may lie ahead, keep it simple. Use sound bites not paragraphs. Use people-speak not advisor-speak, economist-speak or analyst-speak.

Now, you are ready to spread the statements across the conference table or present them from your desktop in a virtual meeting. Take a few moments in silence to peruse the statements. If it’s a “do-it-yourselfer,” you may feel like you are looking at a stamp collection. Think of this moment as if you are a doctor, after the examination when she then takes the X-ray you brought and puts it up on that backlit panel on the wall. If that were your knee she was looking at, are you going to rush the doctor? No way! You would be breathlessly waiting for her opinion. So will your prospective clients since you have clearly established yourself as a professional.

We are not suggesting you do a thorough analysis here, simply take a minute or two. Then you might say: “Whether we choose to do business together or not, I see some issues that deserve some immediate attention based upon our views as discussed.” Point out two or three issues. For example:

“The duration of your fixed income might be a concern.”

“Have you considered limiting high turnover strategies to your retirement accounts?”

“You should have some ‘noncorrelating’ assets in place to help reduce your downside risk.”

Importantly, we are NOT suggesting fear tactics. This very quick diagnosis should be delivered in a “doctor-like” demeanor: “That knee is bone-to-bone and needs some attention.”

“Obviously, we would need to do a far more thorough analysis, these are simply my preliminary concerns. Of course, this is only the investment side of things. Our work would also involve reviewing all of your estate planning, insurance, asset location, your liabilities, indeed, your entire balance sheet.”

## Your Biggest Competitor

What, not who, is your #1 competitor? Answer: Inertia. And, what drives inertia? Complacency.

Often, the cause of inertia is simply procrastination. Status quo is comfortable for most people. To convert them into clients, it is important to have them question that status quo rather than place it on a pedestal. Keep in mind that most people do not see sticking with the status quo as a decision. They see **change** as a decision – and a tough one at that. That’s why a Better First Meeting is not complete without creating a “motivating environment” in which both advisors and clients feel at ease and more receptive to listening to one another. Providing a preliminary diagnosis is a textbook example of a motivating environment.

Help your prospective clients see that status quo is a choice. Often, that is the ultimate test for an Intentional Advisor, as they “inspire people to choose to do what they

will wish they had done, especially when they are not particularly inclined to do it.”

Status quo is often the symptom.

Procrastination is usually the disease.

## Step 5: Go/No-Go

We are down to our last step – only five minutes to go or no-go.

Assuming you have decided you would like to convert these people from prospect to client and you have been running the meeting with a partner, this might be the moment to look at your partner with a warm nod. One of you might then say: “I think that we could be a wonderful fit together. We are eager to roll up our sleeves and get to work on behalf of you and your family. How do you feel about taking a next step?”

We purposely use the phrase, “How do you feel about taking a next step?” Never ask people what they think. They think they have a headache; think they have to talk to their accountant; or think they’re going to have to think about it. Do that and chances are you have just added to your mushy pipeline syndrome.

Asking people how they **feel** about it takes them to another place – a deeper place. You will now learn whether the prospective client felt a strong connection with you. If the response is wishy-washy on their part, try to quickly diagnose what might be holding them back. It is not going to get better than this moment to deal with underlying objections or reservations the prospects may have. Your halo from the impassioned client interview should have a very strong glow.

**PROSPECT:** “I don’t really like paying fees and I assume there are a lot of fees. You haven’t touched on that yet.”

**ADVISOR:** “Great. Let’s talk about how we get paid. We are completely transparent. We usually thoroughly review our fees when we come back with a specific proposal. Would you like to discuss our typical costs right now?” Then you would articulate your policy on pricing. Specifically, why you get paid, how you get paid and what that might look like for this particular prospect.

Then you would articulate your policy on pricing.

Specifically, why we get paid, how we get paid and what that might look like for this particular prospect.

Note: Since fees are typically top of mind for many prospects, you may want to build a minute into the “why me (us)” segment of the meeting on “how we get compensated.”

**ADVISOR:** “Might there be anything else you will be thinking of when you leave here today? What other questions are on your mind before we decide whether it makes sense for us to take a next step?”

**PROSPECT:** “Well, what would a next step look like?”

Now you would outline your onboarding process, perhaps emailing or handing them a one-pager depicting steps and typical timelines. We suggest you not overwhelm “the patient” here. Keep it big-picture and focus on the next step.

**ADVISOR:** “This meeting started at 2:00 p.m. on Wednesday. We have reserved the same time two weeks from today so that we can provide a very preliminary proposal for you based upon the information you gave us today and the things that we have discussed. Are you available two weeks from today at 2:00 p.m. as well?”

If the prospect responds with: “Well, I guess we’ll consider your proposal,” is that good enough? Do you really want to now invest 12 hours of your team’s time on someone saying they’ll consider our proposal? Maybe not. How often have you done proposal work based upon that kind of response and then had the prospect cancel last minute or be a no-show? All you have is your time. The “close” doesn’t happen in the proposal. An Intentional Advisor close has already happened ... in the client interview ... in deep discovery ... forging strong connectivity and developing great chemistry.

These meetings tend to end with the prospect saying:

“We would really like to see a proposal from you.”

Then you conclude your in-person or virtual meeting by saying:

“We really look forward to rolling up our sleeves and getting to work on behalf of you and your family.”

Even if they haven’t left signing documents, you want them to feel like they have actually just retained you.

**FOR FINANCIAL PROFESSIONAL USE ONLY AND MAY NOT BE USED WITH THE GENERAL PUBLIC.**

**EMEA**

This material is for Professional Clients/Accredited Investors only.

In the EU, MSIM and Eaton Vance materials are issued by MSIM Fund Management (Ireland) Limited ("FMIL"). FMIL is regulated by the Central Bank of Ireland and is incorporated in Ireland as a private company limited by shares with company registration number 616661 and has its registered address at The Observatory, 7-11 Sir John Rogerson's Quay, Dublin 2, D02 VC42, Ireland.

Outside the EU, MSIM materials are issued by Morgan Stanley Investment Management Limited (MSIM Ltd) is authorised and regulated by the Financial Conduct Authority. Registered in England. Registered No. 1981121. Registered Office: 25 Cabot Square, Canary Wharf, London E14 4QA.

**Italy:** MSIM FMIL (Milan Branch), (Sede Secondaria di Milano) Palazzo Serbelloni Corso Venezia, 16 20121 Milano, Italy. The **Netherlands:** MSIM FMIL (Amsterdam Branch), Rembrandt Tower, 11th Floor Amstelplein 1 1096HA, Netherlands.

**France:** MSIM FMIL (Paris Branch), 61 rue de Monceau 75008 Paris, France.

**Spain:** MSIM FMIL (Madrid Branch), Calle Serrano 55, 28006, Madrid, Spain.

**Germany:** MSIM FMIL Frankfurt Branch, Große Gallusstraße 18, 60312 Frankfurt am Main, Germany (Gattung: Zweigniederlassung (FDI) gem. § 53b KWG).

**Denmark:** MSIM FMIL (Copenhagen Branch), Gorrissen Federspiel, Axel Towers, Axeltorv2, 1609 Copenhagen V, Denmark.

**ASIA PACIFIC**

**Hong Kong:** This material is disseminated by Morgan Stanley Asia Limited for use in Hong Kong and shall only be made available to "professional investors" as defined under the Securities and Futures Ordinance of Hong Kong (Cap 571). The contents of this material have not been reviewed nor approved by any regulatory authority, including the Securities and Futures Commission in Hong Kong. Accordingly, save where an exemption is available under the relevant law, this material shall not be used, circulated, distributed, directed at, or made available to, the public in Hong Kong. **Singapore:** This material is disseminated by Morgan Stanley Investment Management Company and may not be circulated or distributed, whether directly or indirectly, to persons in Singapore other than to (i) an accredited investor (ii) an expert investor or (iii) an institutional investor as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore ("SFA"); or (iv) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. This publication has not been reviewed by the Monetary Authority of Singapore.

**Australia:** This material is provided by Morgan Stanley Investment Management (Australia) Pty Ltd ABN 22122040037, AFSL No. 314182 and its affiliates and does not constitute an offer of interests. Morgan Stanley Investment Management (Australia) Pty Limited arranges for MSIM affiliates to provide financial services to Australian wholesale clients. Interests will only be offered in circumstances under which no disclosure is required under the Corporations Act 2001 (Cth) (the "Corporations Act"). Any offer of interests will not purport to be an offer of interests in circumstances under which disclosure is required under the Corporations Act and will only be made to persons who qualify as a "wholesale client" (as defined in the Corporations Act). This material will not be lodged with the Australian Securities and Investments Commission.

**Japan:** This material may not be circulated or distributed, whether directly or indirectly, to persons in Japan other than to (i) a professional investor as defined in Article 2 of the Financial Instruments and Exchange Act ("FIEA") or (ii) otherwise pursuant to, and in accordance with the conditions of, any other allocable provision of the FIEA. This material is disseminated in Japan by Morgan Stanley Investment Management (Japan) Co., Ltd., Registered No. 410 (Director of Kanto Local Finance Bureau (Financial Investments Firms)), Membership: the Japan Securities Dealers Association, The Investment Trusts Association, Japan, the Japan Investment Advisers Association and the Type II Financial Instruments Firms Association.

**MIDDLE EAST**

**Dubai:** MSIM Ltd (Representative Office, Unit Precinct 3-7th Floor-Unit 701 and 702, Level 7, Gate Precinct Building 3, Dubai International Financial Centre, Dubai, 506501, United Arab Emirates. Telephone: +97 (0)14 709 7158).

**Latin America (Brazil, Chile, Colombia, Mexico, Peru and Uruguay)**

This material is for use with an institutional investor or a qualified investor only. All information contained herein is confidential and is for the exclusive use and review of the intended addressee and may not be passed on to any third party. This material is provided for informational purposes only and does not constitute a public offering, solicitation or recommendation to buy or sell for any product, service, security and/or strategy. A decision to invest should only be made after reading the strategy documentation and conducting in-depth and independent due diligence.

The above disclosures have been used for all Italy adviser materials – As agreed with EMEA Compliance. As the Adviser Institute materials are educational in nature, we do not need to go through compliance and can simply use the above wording for all adviser related materials.