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Consumer attitudes must change before cold calling can be consigned to history

06 April 2011 by Tim Searle, Chairman, Globaleye

It must be said that everything is sold. Whether you like it or not, the work of salespeople is at play in one form or another in any transaction, from buying a light bulb to buying a house.

Nevertheless, financial planning solutions in the main should be bought - ie people should recognise their need for them, as opposed to having such products thrust upon them by salespeople.

While it may seem a long way off, we are all going to die one day. And before that day comes, it is likely that some of us will contract a dread disease or another, one that may require expensive treatment or that has repercussions for our ability to work and support our families. Hopefully, though, we will all be able to enjoy long and fruitful retirement before either of these things happen.

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> **Tim Searle**
> Chairman
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Planning is required to navigate through any of the above and IFA industry is built on this need. Reality dictates that most people require education on how to deal with such likelihoods and certainties, as well as given planning solutions to meet them.

Hope for the best, plan for the worst

As advisers, we should make it our duty to counter the ‘hope for the best’ apathy that prevails and instead help people ‘plan for the worst’.

We cannot expect individuals to respond to adverts, take the initiative or call in asking for advice. This may happen on rare occasions, but in the main direct action is the common mode of attack for spreading the IFA message, with the phone its chief - though perhaps bluntest - weapon.

The ‘cold call’ is one of the cheapest and most effective ways of getting this message across. However, every IFA (or any other industry that uses this method) hates cold calling because, while it remains effective, it is a clumsy and time-consuming manner to garner custom.

Similarly, no recipient likes picking up the phone and finding themselves on the wrong end of some badly scripted sales patter. Irrespective of the product or service being offered, such cold calls can be perceived as invasive, ill-timed or simply inaccurate.

Coupled to this is the fact that the human psyche’s natural reaction to such calls is negative; we close up, responding negatively, even if we might actually have a need for what’s being offered. Therefore, as an adviser, why bother picking up the receiver in the first place?

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Cold calls to warm calls

The challenge for IFAs lies in converting cold calls to 'warm calls', thus ensuring their effectiveness is increased. With the advent of technology and proper training, there are ways of defrosting this activity so the approach becomes more palatable for both parties and ultimately results in more success.

It should be recognised that the 'cold call' represents the first step in building a relationship with a client, so it should be given priority as part of an overall proposition. I cannot understand why so many institutions out-source this function to the detriment of their brand.

Clearly the best form of business generation is by way of introduction. Every company knows that referral marketing is by far the most powerful means building a solid business. So there will always be a mix of client generating activities, of which 'cold calling' is just one. That said, there is definitely a need to regulate 'cold calling' in certain circumstances. I should know, I too am a victim of such practices.

Hard selling techniques of a product or security without an opt-out facility should be avoided, whether by regulation or not, since it just does not make any sense from a business brand or consumer confidence building perspective.

Going forward, companies will need to improve their contact proposition to make this process more painless and to improve the response rate from consumers. We know technology will support this initiative.

Financial services will continue to be strongly associated with the cold calling – which may not be music to consumers' ears - until the public better realises its need for financial products and services, which in all honesty is a long way off.

After all, for almost everyone, the day will come when they require financial planning services. Unfortunately, this need generally only dawns on consumers when it is too late. Until these services are pro-actively sought out and bought, advisers will continue in their duty of helping people meet financial goals and protect their families. And that means picking up the phone.

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