



**How to increase the perceived value
of your advice by Grant Shorten, Director,
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The Law of Scarcity

The Canadian investment industry is rife with licensed professionals who are ready, willing and anxious to sign up the next client. There is no shortage of capable men and women who have successfully passed the examinations required to set up shop as Investment Advisors, Financial Planners and Wealth Managers.

With such a large supply of financial overseers — chasing a finite community of qualified investors — the advisor of today finds themselves subject to the very same metaphorical “stuff” as the entrant in a classical beauty contest.

Whether we like to admit it or not, we are engaged in the business of “attraction.” Naturally, I am not referring to the type of attraction that is dependent upon the latest grooming, cosmetic or fashion technologies, but rather, attraction as it relates to the (somewhat mysterious) “desirability factor.”

Affluent investors, in particular, have positioned themselves in the heart of a virtual audience, and tacitly make implied judgments regarding the attractiveness and desirability of those advisors who venture onto the contest stage.

There are a myriad of intuitive elements, which, when combined, equate to our desirability factor — as measured against an investor’s unique set of criteria. Some of these elements include things like our credentials, level of expertise, investment philosophy, rapport-building skills and points of differentiation. Much has been written about the factors above, so today we will step outside of the norm and venture into a more ethereal world governed by the Law of Scarcity.

The Law of Scarcity and the perception of value

As investment industry professionals, we all have a fundamental understanding of the supply and demand equation, and how scarcity plays a primary role in influencing the perceived value of a product or commodity.

The Law of Scarcity simply states:

If what we desire “appears” to be in limited supply, the perception of its value increases significantly.

Economists will go to great lengths to explain the mathematical principles controlling this phenomenon, but its practical essence is captured above.

“The most successful marketing firms in the world have learned to expertly apply the Law of Scarcity in the creation of their sales messages...”

One of the most fascinating aspects of the Law of Scarcity is the undeniable “universality” of its reach. The most successful marketing firms in the world have learned to expertly apply the Law of Scarcity in the creation of their sales messages, and have geared them around capitalizing on the emotional code of their target audience. Interestingly enough, we will often find that behind the crafted “sales message,” there may or may not be an actual scarcity of the product or service in question.

The magic is in the “framing” of the message itself.

You don’t need to go any further than a television commercial or piece of written advertising to see the most commonly used semantics incorporating the principles of scarcity.

“...for a limited time only”
“...this offer will not last”
“...only 150 units available”
“...time is running out”
“...offer only valid for today”
“...first come, first served”

Remarkably, even though these linguistic techniques are repeated over and over again, they remain highly effective in producing the desired result — a significant increase in the perceived value of the product or service.

Successful marketers understand the following simple formula:

**Increased Perceived Value
+ A Sense of Urgency
= BUYING**

This whole notion of perceived value becomes even more interesting when we see how it affects our interpersonal relationships.

Imagine a couple, named John and Carol, who have been dating for three years, and spend most of their spare time enjoying each other’s company. Before long, John begins to take Carol’s love and affection for granted — resulting in a decrease in Carol’s perceived value.

Now imagine that same couple, one week later, at a cocktail party. John looks across the room and notices that Carol seems to be paying a lot of attention to a particularly handsome man near the bar. If John is wired like the vast majority of people, with even the remote possibility that Carol may become scarce (in favour of another man), her perceived value rises dramatically. John’s introduction to the Law of Scarcity may even lead to a marriage proposal!

So what does all this mean to us, as investment professionals?

“Place a genuine self-imposed ceiling on the number of families you will work with this year, given your current team resources.”

Let’s go back to the beauty contest, and to the reality that we are engaged in the business of attraction. I think it’s safe to say that the majority of investment advisors consistently bring to the contest a fairly standard set of elements to parade.

Therefore, all things being reasonably equal, it will be the advisor who can generate the highest level of perceived value that will win the prize. It also pays to remember that most contests are won by a very thin margin of victory — primarily due to that incremental difference in perceived value.

Taking some guidance from our friends at the big marketing firms, and from John and Carol’s experience at the cocktail party, let’s create a parallel to the advisory practice.

Clearly, as investment advisors focused on asset-gathering activities and prospecting modalities, we would not be well served by incorporating pedestrian catch-phrases like “...limited time only” or “...the clock is ticking.” However, I believe that there is a tremendous opportunity to apply the very same underlying principles in a strategic and respectful manner.

Simple strategies to engage the Law

Strategy 1: The principle of desired association

Create an articulated advisory “identity” or value proposition, which incorporates both scarcity and an implied status-requirement.

Examples:

“The advisor to the affluent”
“Empowering elite investors to take control of their wealth”
“Partnering with a select group of investors who are committed to excellence...”

The Outcome:

The prospective client is quickly moved to focus on how they may become “worthy” of being included amongst this group. You are

not just an advisor, but a high-calibre specialist — a scarce resource who only deals with a select segment of the investing community. The perceived value of your business practice is immediately and substantially elevated.

Strategy 2: Changing brain chemistry — scarcity spoken

Place a genuine self-imposed ceiling on the number of families you will work with this year, given your current team resources. Having done so, make it an essential component of every prospect discussion to articulate that “restriction” with confidence and conviction. You will find it particularly congruent when executed during your service discussion.

Example:

"We believe in providing top-notch service and attention to each one of our clients. Our trusted partners receive a fully customized and tailored Service Agreement designed just for them, based on their specific needs, goals and objectives. In order to maintain our highest level of service, we are limiting our practice growth to just five additional families this year."

The Outcome:

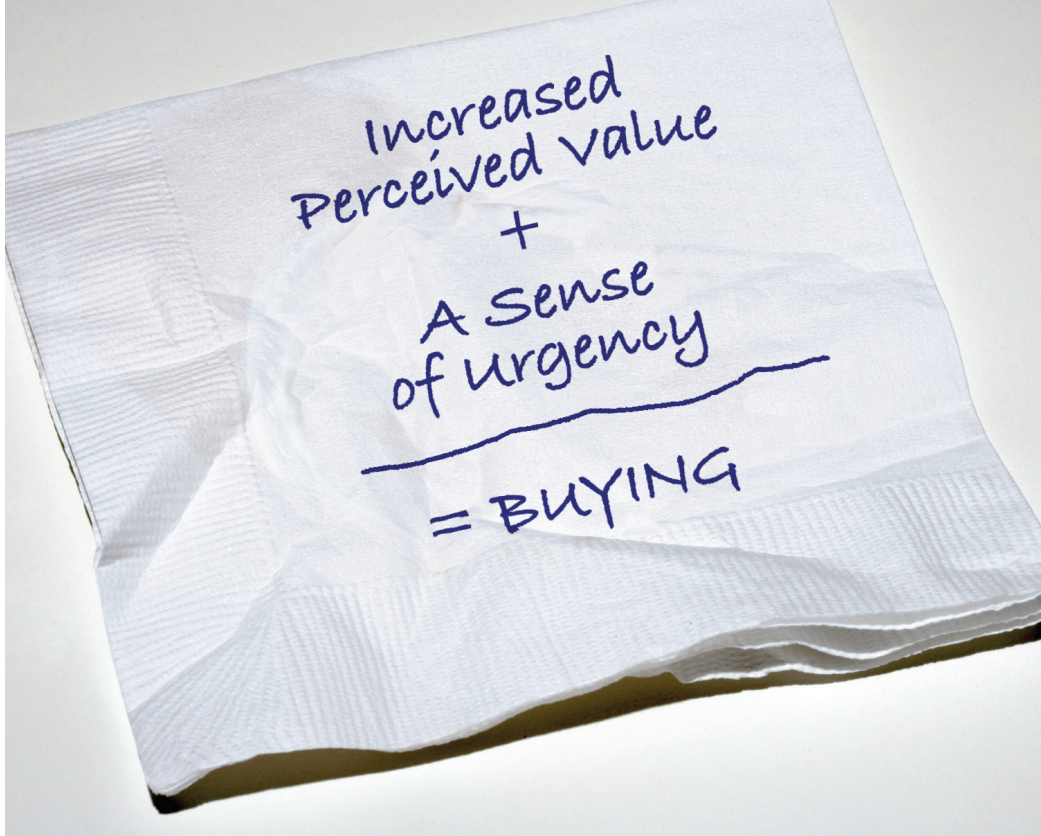
This is the Law of Scarcity in its most concise format. When performed correctly, the prospective client is left hoping they are being considered as one of those five fortunate families, and may even seek confirmation by asking the question during the session. The added benefit is the sense of urgency inherent in the mechanism. Remember, the investor doesn't know how many of the five families have already signed up as clients this year.

Strategy 3: Develop a legendary advisory persona

As a devoted, but scarce, resource, create an "air of legend" around your role, and enlist your assistant and other team members to help maintain it. You can accomplish this by setting up your practice so that you are strategically unavailable for things like administrative and operational telephone calls, small-talk or dealing with anything outside of pre-planned meetings and delivering powerful portfolio recommendations.

All incoming communication and correspondence is filtered through your team members, who protect you from functions that are not directly related to money-making activities. When a prospective investor calls, have your assistant explain that you are "currently in session, but will be happy to call back when he/she becomes available." With the details of the message in hand, you will be able to prepare your thoughts ahead of the discussion, and deliver them with confidence. This legendary persona and larger-than-life demeanour will also require you to enlist the following, in order for you to fully capitalize on its impact:

> **Master your physiology.** Walk, sit and stand with passion, conviction, confidence and power. Make eye contact when you speak and gesture with movements of legendary proportion.



> **Maintain a high level of enthusiasm.** There is something magically contagious about enthusiasm and it will be transferred to your listener.

> **Choose your words wisely.** There is power in the spoken word. Our words create pictures, sounds and emotions in the mind of our audience. Pre-script and pre-plan your messages in order to create the desired results.

The Outcome:

The creation of a legendary persona is a prime example of how we can proactively "design engineer" the way we are perceived. Affluent investors want to be associated with legendary characters — advisors who stand out from the crowd.

Over the years, I have worked closely with several advisors who define this strategy and live it every day of their lives. I can also tell you that much of its success comes down to effective "staging" and positioning,

along with the full buy-in of the advisory team. All the world's a stage, so have fun with this one as you execute it with respect and genuine empathy for your clients.

Ultimately, the Law of Scarcity provides a set of robust tools that can empower you to take your practice to the next level. They will supercharge your asset gathering efforts by captivating the mind and emotions of your intended audience.

I wish you continued success and a deeper sense of commitment to your craft, during this RSP season, and beyond. ■

To discuss ways to increase the perceived value of your advice, please book an appointment with your Renaissance Investments representative or call 1 888 888 FUND (3863).



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