THE MCCARTHY CHRONICLES

DEDICATED TO LIFE INSURANCE SALES PROFESSIONALS

THE MONEY COMMITMENT

SALE MAKER OR SALE BREAKER

"Commitment is the glue that bonds you to your goals". **J E Koenig**

If you're like most professional agents, your sales methodology undoubtedly includes a multiple interview process. One of those interviews is frequently referred to as the fact finding or discovery interview. Indeed, this discovery process might well include more than a single such interview. But, at some point, towards the conclusion of your discovery dialogue, you reach a critical juncture – the point where you must secure a money/allocation commitment.

Asking a prospect for a realistic and manageable money commitment is a function of both technique and attitude. Technique or skill is reflected in the manner in which you obtain a money commitment – the statements and remarks you make, the questions you ask, the objections you address, etc. Attitude is manifested in your frame of mind relative to obtaining that commitment or proceeding without one. Most professional agents recognize the talents and skills they bring to the table on a prospect's behalf and, as such, place a significant value on their contributions. They know too well that working without a genuine money commitment diminishes the likelihood of a successful outcome – the sale and a new client. The value they place on their efforts and the pride they take in their plan designs will often prohibit them from engaging in the plan design process without the existence of a prospect money commitment. They believe that the financial pledge is, quite simply, a prerequisite. And they are usually not reluctant to explain that mindset and those conditions to their prospect.

In my judgement, there are frequently two fundamental flaws in an agent's discovery process when it comes to the money commitment. Many of you will have already recognized those flaws and worked diligently to banish them. For others, it's a work in progress.

The first flaw is straightforward. You simply don't ask for or get a genuine money commitment. It may be that you're uncomfortable asking for such a commitment or perhaps you believe that the strength of your prospect relationship and/or your understanding of the prospect's financial circumstances will allow you to proceed to the design phase without a money commitment. Be assured, this is a very slippery slope. Frequently, a prospect, when asked for a commitment will respond by saying something like this – "I'm not sure what I can afford right now, so why don't go ahead and put something together, let me take a look at it, and we'll go from there". Try never to accept that response. Continue to make an effort to secure a realistic money commitment. You might consider saying something along these lines. The words have been around forever, but they're still very effective.

"Mr. Prospect, I'd like you to imagine for a moment that you've decided to build a new home – your dream home. I'm a residential architect and you've asked me to draw up some plans based on your specifications. You tell me what type of architectural style you're looking for as well as all the features you want and expect (bedrooms, bathrooms, living space, kitchen design, outdoor amenities, specific customization, etc.). It will be magnificent. I then ask you what budget you want me to work with and you respond by saying 'oh, I don't know, why don't you just prepare some design alternatives and we'll take it from there'. I accept your instruction and go back to my office to begin the home's design. A couple of weeks later I return to show you the result of my efforts. You are truly impressed and comment that this is precisely what you had hoped for. When you ask me how much the home will cost, I inform you that it will amount to just under $1,000,000. Now, Mr. Prospect, what's your reaction likely to be? I'm pretty sure you'll be showing me to the door. You see, I designed the home without having any financial boundaries and the result was unacceptable.

Mr. Prospect, I'm very much like that residential architect except that I am a financial architect and unless you give me some financial direction, I'm likely to disappoint you with your financial plan design. Now, Mr. Prospect, what's a realistic dollar amount you can allocate to your plan"?

The second money commitment flaw occurs when you shortchange both your prospect and yourself by lowballing your request for a specific dollar amount. For example, when you are attempting to secure a specific commitment but running into some initial resistance, you might use the "can you save" technique. The procedure involves asking the prospect for a fairly high money commitment and then, when clear resistance surfaces, asking for a deliberately low number. Subsequent discussion would result in a money commitment amount somewhere between the two. The point I want to emphasize deals with the first (high) number. Do not be apprehensive about asking for, what appears to you to be, a high starting dollar amount. Do not shortchange the prospect's plan design potential based on your own preconceived mental limits.

For example, if you ask "Mr. Prospect, can you afford to allocate $75 a month to your plan"? and the prospect responds by saying "sure, I can do that" – the conversation is over. There's no room for additional exploration and you may well have limited the scope of the plan you might have designed.

On the other hand, imagine the dialogue goes something like this: "Mr. Prospect, can you afford to allocate $400 a month to your financial plan"? and the prospect responds with a "no way" answer. You continue by asking "Mr. Prospect, can you afford to allocate $50 a month to your plan"? and the prospect responds with a one- word answer – 'certainly'. "Well, Mr. Prospect, somewhere between those two numbers is a dollar amount that is right for you. Is that number $300 per month (no), $250 (no). Could you comfortably afford $175 a month"? and your prospect says "Yes, I could probably work with that". By the way, it's often a good idea to customize a plan requiring a premium slightly less than the prospect's commitment.

There is an adjunct to this money commitment strategy. Simply because your prospect states that they "can" allocate $175 a month doesn't mean they will. "Can and" will" are two very different animals. You need to nail down the "will" component. Otherwise, the money commitment is too loosely framed. Try these words: "Mr. Prospect, you've told me that you **can** allocate $175 to your financial plan. I'd like to ask you one final question. If, when I return, you agree that my work is the best that's ever been done on your behalf, **will** you allocate $175 a month to that plan"? **CAN** without **WILL** is like yin without yang.

CAN I GET A CHUCKLE?

The wit of Steven Wright

"Just think how much deeper the ocean would be if sponges didn't live there".

"If you're sending someone Styrofoam, what do they pack it in"?

POWER PHRASE

Have you ever had a financial EKG?

DID YOU KNOW…..

In Shakespeare's time, mattresses were secured on bed frames by ropes. When you pulled on the ropes, the mattress tightened, making the bed firmer to sleep on. Hence, "Good night, sleep tight"

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Paul S. McCarthy CLU, ChFC
paul@mccarthychronicles.com

"What you do today is important, because you're exchanging a day of your life for it"

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