

**UNLOCKING THE
FINANCIAL POWER OF WOMEN**

INVEST *in* **HER**



**The Smart
Financial Advisor's Guide
to Winning Female Clients
in 6 Easy Steps**

JUDY PARADI & PAULETTE FILION

About the authors



Paulette Filion spent decades working in the financial services industry, and possesses a deep understanding of the challenges facing the industry. Known for delivering solid research-based solutions, she has a reputation for being a leader who champions the role of financial advisors and gets results. Always ahead of her time, and recognizing the vast societal changes taking place, Paulette produced one of the most successful series of seminars for Merrill Lynch in the U.S. focusing exclusively on women. A prolific writer, in 2001, she co-authored *Marketing Financial Planning to Women* with Gail Vaz-Oxlade, and today continues to write blog posts, articles and workshop /course materials.



Judy Paradi, entrepreneur, marketer and frequent lecturer at the University of Toronto, is known for her unerring ability to understand the buyer's perspective. Whether to promote a product, a concept or a business for clients such as the Royal Bank, BMO, Scotiabank or Altamira Investments, Judy consistently helped them achieve success. In 2014, she wrote a white paper, *What you don't know about marketing to women and why it could hurt you* to raise awareness of the disconnect between women and those wishing to sell to them. Currently she keeps busy writing blogs and articles, creating course and speaking – all in an effort to help the financial community succeed by better understanding and connecting with women.



Unlocking the Financial Power of Women



**The Smart Financial Advisor's Guide to
Winning Female Clients in 6 Easy Steps**

By Judy Paradi and Paulette Fillion

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Why We Wrote This Book

We love financial advisors! We have met many amazing men and women who work diligently to build their practices and do the right thing on behalf of their clients. And even though the greatest ones we've met aren't always the top producers at their firms, we can honestly say they are all committed to their profession, regardless of where it takes them.

But the financial landscape is changing. The last 40 years have seen improvements in some areas and stagnation in others. While advances in technology and the advent of social media have made access to information faster and better, ever-shifting societal changes (e.g. aging populations and the emergence of women as a financial powerhouse) have contributed to adding a level of complexity to advisors' already busy lives.

Sometimes we think it's even a wonder that advisors persevere. Besides keeping up with technology, maintaining their professional credits and managing portfolios, they continue to do the best for their existing clients. And now many are recognizing the need to prospect and grow their business in a new way.

These are the advisors who have come to realize that the emergence of women as a financial force presents one of the greatest opportunities for them and the financial community. However, tapping into this opportunity takes skills they have not been trained for in the field. How to connect with women is not something that has been top of mind in the industry and most advisors are faced with navigating the needs of this "new" client on their own – with little support from their firms.

To go back to the beginning – we do love advisors. They are tenacious and hard-working and deserve all the support we can offer. We have written this book for them. We want to help them succeed by becoming the advisor that women are seeking. We know there are

many female investors out there who need and want financial advice and are looking for advisors they can relate to.

Hence the genesis of this book. It is our mandate to provide advisors with the support and the tools to learn the skills they need to connect with female investors. Building these new relationships would be a win/win for all.

This book is the culmination of hundreds of hours of interviews and in-depth research – none of which could have been done without the many financial advisors and female investors who shared their valuable time with us. To those who have given willingly of their time, their stories and their experiences – we are eternally grateful. We have seen first-hand the successes achieved by advisors who have taken the time to learn how to connect with women.

We would love to hear your thoughts after you're done reading. Reach out to us through our website www.strategymarketing.ca.

Note: While the stories we relate are authentic, we have fictionalized the names to protect people's privacy.

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PART ONE

Understanding Female Investors

CHAPTER ONE Why Women Matter

Who They Are and How They Got Here

The Way it Was

The question of the *economic* power of women, or lack thereof, really didn't emerge until the industrial revolution.

While women had been under the control of men in almost every respect, it didn't start out that way. In agrarian societies, men and women worked alongside each other as equals for the survival of the family as a whole. Wealth was, if not inherited via royal lineage, measured in terms of the *quality* of the family's joint survival – food, clothing, shelter.

But by the mid-18th century with the advent of the industrial revolution and the subsequent emergence of a working class, there was a huge power shift to the benefit of men. As men left their homes to work in factories in cities, women stayed behind to have babies and run the household – a role they traditionally already performed. The difference was that now the men were paid in money for their labor; money they controlled, money they could use at their discretion to purchase rather than produce the necessities of life. This shift

gave men enormous financial control which amounted to absolute control over their families.

Where did this leave women? No longer a partner eking out a living from the land, even for her own survival, she had to choose between the bondage of marriage and bearing children year after year or “spinsterhood” which most often meant living with and looking after elderly parents. Either way, while women at one time played an important role in the survival of the family, they now became wholly dependent on men. The prospect of getting an education or working outside the home was unlikely for all but the most determined – and then only at great cost to her socially.

This was the reality for women. That is, until the broad availability of the birth control pill in the late 1960’s. The ‘pill’ changed women’s lives in a profound way. Once women gained control over child bearing, they could delay pregnancy and marriage as it suited them. Young women, no longer slaves to biology, could chose to pursue a higher education – and they did.

Education meant greater access to jobs and, with jobs came more independence. Once they hit the workforce there was no turning back, and sometimes against great odds, women fought for and demanded more. Success fed their ambitions and eventually led to management, senior roles and ultimately personal wealth and the economic power we see today.

The Way it is Today

Women earn more than ever before, are getting elected to government and are gaining better representation on Boards of Directors. They start businesses, buy houses and cars, and sell everything from space equipment to cupcakes. They tend to live longer than men and are often leading independent lives pursuing whatever suits them. Their spending and buying power are unprecedented and their impact on the economy is and will continue to be meaningful.

 **IT'S A FACT****Women have come a long way**

- ✔ Women account for 62% of all university graduates and have been the majority since 2010.¹
- ✔ Women represent almost half of all practicing lawyers and accountants,² more than 60% of all new physicians³ and are the main breadwinners in 40% of all households.⁴

Given that women's emergence as a financial powerhouse didn't happen overnight – and the business world had plenty of time to adjust – it's hard to understand why so many organizations still cater almost exclusively to men. Notably, the financial community is one such sector that continues to miss the mark.

To be fair, countless organizations have had little motivation to change. For many years they enjoyed success doing business the same old way, only occasionally spending a little time and money navel gazing, doing market analysis and recalibrating how they did business. Recently, this “tinkering” has seen the strategic expansion of the demographic profile of their customer base to include various ethnic groups, seniors and millennials. There has been a relentless focus on the development of new “products” as well as significant resources invested into the development of new technologies, all in an effort to continue the success they have always enjoyed.

But, despite all the activity, they are missing the obvious – *they have failed to see that their future success depends on women – of every age and background.* While women were taking over the world, the financial industry has been looking the other way.

So here we are. Women make up slightly more than 50% of the population and already control one-third of all financial wealth

in North America,⁵ yet when we talk about the importance of understanding how to sell to and work with women, we still hear comments like, “We’re not interested in female clients”, or “women are not our niche market,” or “women love what we do already”. Those responses fly in the face of research done among women investors which shows that women are the primary market and they are unhappy with what the industry is doing.⁶

The bottom line

With the advent of the birth control pill in the 1960's women gained control over their reproductive choices. This freed them to delay getting married and having children, or not having children at all. As a result, they could pursue an education, which led to better jobs and higher wages. For the first time, women could shape the life they wanted rather than have one dictated to them.

Why You Should Invest in Her

The Window of Opportunity is Open Wider than Ever

Women control more wealth today than ever before in the history of North America and they are poised to control even more in the years to come. Advisors who don’t start thinking about women as clients now will be left behind. The window of opportunity is open wider than ever.

 **IT'S A FACT****Women wield enormous economic power**

- ✔ Women-owned businesses represent \$117-billion in economic activity in Canada and employ over 1.5 million Canadians.⁷
- ✔ Women control more than 1/3 of all financial assets, which translates into \$3.2-trillion in total assets in North America. And are set to inherit the other 2/3's before the kids ever get an inheritance.⁸
- ✔ Women generally outlive their husbands. There are four widows for every widower over the age of 65.⁹ As older male clients begin to die, \$2.6 trillion in family assets become concentrated in the hands of their partner.¹⁰
- ✔ 70% of women change financial advisors within one year of their partner dying because they had no relationship with their husband's advisor.¹¹

Women already control significant assets and currently represent 40% of all those with at least \$500,000 to invest.¹² And, they are set to control the majority of wealth by 2030¹³ for two main reasons.

First – Young women are marrying later or not at all, choosing careers first. According to estimates from the U.S. Census Bureau, the average age of a first marriage for women in 2017 was 27.4 years, a considerable jump from the 1950's when women got married at 20. These women who are getting into the workforce early, are earning like never before and accumulating personal wealth. Their rank in the business world is rising and along with that their salaries – they hold 34.8% of all management positions and 37.1% of all senior management positions.¹⁴ They also hold 20.5% of all Board of Director seats.¹⁵

Second – Older women stand to inherit twice. Once from their

parents and, for those who marry, they will take control over the family assets when their husbands die. Why should this be a heads up for the financial community? As baby boomer males start to die and the family assets go to their widows, these women will manage the money for an average of 16 years – years before the Millennials ever become the significant inheritors.

As the saying goes, “strike while the iron is hot” because there has never been a better opportunity to reach out to women – and it may not last forever.

Right now, there exists a cohort of women with wealth – younger women with their own assets looking for advice and older women who find themselves divorced or newly widowed (remember: 70% of widows leave their existing family financial advisor) all looking for advice.

There are a number of other factors suggesting that women represent the most rewarding market for advisors today. According to a Price Metrix 2017 report, advisors are set to lose male clients and millennials are not yet in sight.

IT'S A FACT

Some advisors are at risk

- ✓ Boomer men dying also means that traditional “Older male clients” are being lost: *“The share of the Greatest Generation (born before 1945), which was equal to that of Baby Boomers three years ago, has fallen to 40%.”*
- ✓ Baby boomers represent the greatest part of an advisor’s book: *“Baby Boomers (1946-1965) now own half of the AUM controlled by North American financial advisors, up from 46% in 2013.”*

- ✓ The next generation of investors are nowhere in sight: *“Millennials (1981-1995) represent only 2% of assets managed by the full-service retail wealth management industry, although given their age and economic situation, this group does have fewer investable assets.”*

Today Women Want and Need Advice

While banking in one form or another goes back 2,000 years, banking as we know it today is relatively new in historical terms. In Canada, the first formal bank was granted its charter by the British government in 1817. (In the United States, that charter was granted by Congress in 1791.) It was another 100 years, 1917, before women in Canada (1920 in the United States) got the right to vote.

Prior to the mid-19th Century, when a woman married she took the surname of her husband and became his property. Not surprisingly, the financial community didn't see any reason to pursue women, let alone treat them with respect.

Today, many women never marry. There are more than 110 million Americans over the age of 18 who are classified as single. More than 43% of them are women and almost 64% of these women have never been married. Since the average age of a widow is 56, there is a high likelihood that a woman will outlive her spouse.

Overall, women increasingly find that being taken care of by a man is no longer a given, or perhaps even desired. But “that’s okay” most will say, because they can take care of themselves. They have the financial power; now *they want and need financial services to help them secure their own financial futures*. Notwithstanding that they have money, women continue to be concerned about their future security.

 **IT'S A FACT****Women are concerned about future security**

- ✔ According to The Allianz Women, Money, and Power® Study, *Almost half of all women who responded said they “often” or “sometimes” fear losing all their money and becoming homeless. And this is not just found in lower income levels.*
- ✔ *27% of the higher income-earners (\$200,000+) said they worry about becoming a “bag lady.” Even 46% of Women of Influence, who generally are less worried about their retirement savings, can’t shake this fear.*

The pervasiveness of the worry about the future points to a deep-set financial insecurity that seems to be particular to women. In fact, after the fear of losing a spouse, the thought of running out of money in retirement is what 57% of women say keeps them up at night.¹⁸

Clearly, women want to make sure their money is well managed, regardless of how much they have, so that they can enjoy some measure of financial well-being in life and in retirement. *Turning to a financial advisor makes sense to them and they are comfortable admitting that investing is not their expertise.*

So, women are seeking financial advice...and advisors are looking for clients – it should be a no-brainer connecting the two but the catch is that women don’t relate to money the way men do. Women are looking for advisors who deliver services in a way that resonates with them – someone who understands their needs, who treats them with respect, someone they can trust. The majority of women tell us they can’t find someone like that.

! IT'S A FACT

Women are looking for financial advice

- ✔ 73% of women report being “unhappy” with the service levels they were receiving from the financial services industry.¹⁹ They report being trivialized, and not listened to; in short, they feel disrespected.
- ✔ Yet, paradoxically, 87% say they are looking for financial help.²⁰ But, they are looking for an advisor they can connect with.

The bottom line

*Women now find themselves in the position of having wealth – and they are looking for advice. **Turning to a financial advisor makes sense to women and they are comfortable admitting that investing is not their expertise.***

What is There to Know About Women?

Women Expect the Industry to Change

Of course, the financial community is not entirely oblivious to the opportunity that women represent and their economic power. Unfortunately, they have approached it backwards. Rather than trying to understand what women want, the financial community has tried to scare or shame women into changing their behavior to suit how they do business.

We took the messaging below from a random sampling of real communications pieces aimed at women. It's not hard to see where they went wrong.

Messaging That Doesn't Work

- *"Aim higher"* – This headline implies that women don't aim high enough (like men), that they are somehow lacking in ambition or are lazy.
- *"Studies show that many women are more reluctant than men to take on the level of risk required to produce investment returns sufficient to meet their needs."* – The message here is that women are likely to fail financially unless they 'think' like men.
- *"In a recent study, nearly 30% of women were more interested in preserving wealth than higher returns."* – This makes women's preference for wealth preservation sound like a poor strategy – it is not.

This approach does not work as women do not want to be bullied or scared into changing. They have been consumers of products and services for years and are responsible for 85% of all purchases made²¹– they know what they want and they can easily identify self-serving sales tactics such as these.

Women Want to Deal with Real People

Clearly, trying to scare women into changing their behavior does not work. Neither will proclaiming "we are female-friendly" in advertising campaigns, or creating "pink" brochures, or putting flowers in offices.

For individual advisors, it means becoming the advisor women want to work with. They must be prepared to set their ego aside and let their personality shine through and understand that "making the sale" does not depend on their superior money management skills, or their process for investing, or the history of the greatest ever financial institution they represent. Rather, it will require advisors to show women how well they can connect with them on a personal/human level.

Women Want to be Valued

A good place to start for advisors is rethinking how they present themselves to women and to put more work into developing a connection with them. That means advisors must be genuine in showing women how valued they are as people, not just for their assets.

Even advisors who think they are doing everything right already tend to over-estimate their efforts. Based on thousands of conversations and years of research, we can say unequivocally that women don't feel like advisors are connecting as well as they think – *certainly not in the way women want.*

This is not because advisors are not trying, nor is it arrogance or overconfidence; it is simply subconscious biases. These are learned stereotypes that are automatic, unintentional and deeply engrained. The challenge is to recognize and consciously alter those biases.

IT'S A FACT

Subconscious biases are automatic, unintentional and deeply engrained

- ✓ *Harvard's global online research study, which included over 200,000 participants, showed that 76% of people (men and women) are gender-biased and tend to think of men as better suited for careers and women as better suited as homemakers.*

We found it most interesting that even advisors who really thought they were connecting with women many said that they were losing female clients and having trouble attracting new ones, and didn't understand why. That reinforces that, despite their best intentions, these advisors just aren't connecting in as meaningful a way with their female clients as they think.

We suggest to them that they put aside what they've been taught and what they've been doing for years and start at the beginning to learn how to really pay attention to what money means to women.

The surprise for the many advisors we've worked with is that they have found that in the process of listening, learning and understanding women, they became better at building strong relationships with men and women alike.

The bottom line

*Women want a different experience from that of men when they engage in financial matters and **expect the financial community to change to meet their needs.***

Are Women Worth It?

We have already established that the female market represents a huge opportunity for advisors who meet their needs – the statistics bear that out.

But if an advisor already has a practice that is doing well why consider a new approach? Are female clients that different from male clients? Are there even more benefits that make the female market worth it?

The answer is an unqualified 'yes'! Not just for the financial value these women represent but the less tangible value women bring to a practice and the industry as a whole.

We've talked to many advisors who not only found financial success working with women but also found more fulfillment in the work they do. They tell us that the effort of connecting with women was small compared to the win for them.

We tell advisors that if they want to win with women they must

put what they know on pause, if only for a while. Those who open themselves to a different way of looking at their female clients and understanding their point of view won't be disappointed.

What is it that makes women fantastic clients? How do they differ from male clients? What are some of the traits they have in common?

Women Investors Make the Best Clients

Women are loyal. Female clients are loyal because they look beyond just getting the best rates of return. If they are happy with their advisor as a person and the services provided, they will stay with that advisor even in volatile markets. And because they outlive men by 5-7 years on average²² they can be counted on to be a client for longer than male clients.

Women seek advice more often than men. Women are less ego driven than men. Whether it's asking for directions on the road or assembling that IKEA shelf, women will readily admit when they don't know something and are comfortable seeking help. That is why 46% of women seek financial advice while only 34% of men do.²³ This is a big deal because 64% of female millionaires seek advice.²⁴

Women are referral machines! Women congregate in groups and they share information. They share when they are unhappy with someone and they share when they like someone – be it a plumber, a hairdresser, an accountant or a financial advisor. This means that if she is happy with her advisor over the lifetime of an account, she will likely give that advisor 26 referrals compared to the 11 referrals male clients give.²⁵

Women don't judge on performance alone. Women understand that markets go up and down. If they have a good relationship with their advisor and they have worked closely together to develop a long-term financial plan that suits their expectations, they will be understanding when markets are volatile because women measure success in the long term.

The bottom line

Women make excellent clients: they are referral machines and they appreciate everything you do for them.
