

# An Old Tool Used to Teach Prospects New Planning Tricks

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We have all seen it before: the Financial Planning Pyramid. It has been a part of insurance company training manuals since they were written on parchment. Perhaps it is time for us to dust off this trusty old diagram and find a new way to integrate it into our toolbox of conceptual selling ideas.

Advisors have traditionally used the Financial Planning Pyramid to show prospects a suggested framework for their financial plan. But by putting a new twist on this old idea, we can show them the potentially disastrous results of failing to plan properly. We can also use the diagram to bring to attention existing gaps in their current financial plan.

The next time you meet with a prospect, present a copy of the pyramid and try the following approach. The first part of the approach is classic, but the second part takes the discussion one step further with some important probing.

## **Build a strong foundation**

Financial planning is a broad term that encompasses a wide range of issues. Simplify it for your prospect by using the Financial Planning Pyramid. Explain that the diagram is a suggested framework for addressing one's financial needs in a logical order.

To build a pyramid, you start by establishing a firm, stable foundation; then, you work your way up. The same approach applies when building a solid financial plan. The first step is to articulate and prioritize your goals. The balance of the financial planning process stems from a clear understanding of your objectives. By offering a visual to the prospect, the importance of goals becomes apparent.

## **Safeguard against surprise expenses**

Next, address the uncontrollable events in life by protecting against a debilitating illness or premature death with the appropriate insurance and legal measures. Take it a step further by discussing a variety of common financial needs, such as reducing debt and saving for retirement.

The top of the Pyramid includes the more sophisticated areas such as fine art and collectibles. If this is not your area of expertise, let your prospect know that if you can get them to that stage, you're confident they are now well-prepared for the future.

### Turn everything upside-down

While this is how a sound financial plan *should* work, I meet many people with plans created backward. They have no clear goals to provide any long-term financial direction. While walking a prospect through this planning mistake, I spin the Financial Planning Pyramid upside down. With this perspective, they realize that, without a firm foundation, their financial plan – just like an inverted pyramid – could easily topple over and crumble.

The preceding exercise helps the prospect visually understand the process you will be using as part of your standard needs analysis. Turning it upside-down often troubles the prospect, as they realize their own affairs may be poorly prioritized.

The Pyramid is also an effective tool to move smoothly from the introductory phase of the meeting into the fact-finding phase. Once you have explained the reasoning behind the Pyramid, ask your prospect to walk you through each layer of the pyramid as it relates to his or her own unique situation. Encourage the prospect to look at each topic and indicate strengths, weaknesses and, ultimately, a starting point.

I have found this approach makes the prospect feel more in control of the interview process, yet compels them to point out the gaps in their own financial plan. Few people make it through the entire Pyramid without admitting to a weak area or product need. Helping them discover gaps in their plan and suggesting tailored solutions builds trust, which is a crucial foundation for a lasting client-advisor relationship.

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## About the Author

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Mark Coutts, MBA, CFP is an active financial advisor with more than 18 years of industry experience and a thriving practice based in Toronto, Canada. He is co-author of the book "Catching Fire with Conceptual Selling" and is an award-winning former broadcaster. Mark is a 12-year member of the Million Dollar Round Table (MDRT) with three Court of the Table qualifications.

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