Why Advisors Should Never Buy Leads

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by Bob Hanson

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Advisors should never buy leads.

The sales pitch from firms like SmartAsset, WiserAdvisor and many others goes something like this:

> You can buy as many sales-ready leads from us as you want for only $75 each.

When something sounds too good to be true, it is.

Those names that pose as “leads” are highly unlikely to match the profile of your ideal/most profitable prospects.

Growing clients who are your best and most profitable (ideal) clients is the only way to effectively scale an advisory practice.

You are not getting what you think you bought. Even if you actually do want these contacts as clients, you are essentially starting the relationship from scratch.

When is a “lead” actually a lead?

As a general rule, names or contacts can be purchased. Leads cannot be purchased.

A lead is a contact who has taken an action relative to you, your content, your marketing, or your firm.

A lead is earned.

If *you* have done nothing to “earn” the trust or permission of the contact then it is *not* your lead as much as if you pay a parking valet to “borrow” one of his customers’ cars it is not your car.

Many marketers and the savvier advisors do not even consider social media connections to be leads even if you have “earned” their connection or follow.

Here is a simple contact/lead scoring framework I developed for one advisory firm that might serve you well.

It shows you where the different types of contacts and leads fit within your marketing processes.

You will typically have the most number of contacts at the top and the fewest at the qualified lead stage at the bottom of the marketing funnel.

This model is a scoring system of 1 to 5 for all contacts who are not current clients or sales opportunities, with 1 being lowest, your “suspects,” and 5 being the highest, a qualified lead.

Advisor lead score – 1 (Suspect)

This can include your purchased names, social media connections and a networking contact on your list for follow-up.

If you are currently buying names from third-party media companies who are usually sharing them with a couple other advisors, they are suspects and go here.

If you work with area CEOs and buy a list of 100 CEO names and phone numbers in in your area, they would be scored a 1 as well.

As a contact or suspect, your goal is to reach out via an individual email, call, direct mail, event invitation, or social media message and get them to respond in a positive manner so you can move them down the marketing funnel to...

Advisor lead score – 2 (Lead/Opt-into marketing list)

This is where a contact becomes a lead by taking an action such as opting-in to your marketing list by requesting on your website to be on your newsletter list.

If you are doing workshops, webinars or seminars, a registrant for the event, ideally on a registration page on your firm website, would go on your list here.

Both my advisor clients and I have done a lot of co-sponsored events, so these registrants and attendees are generally placed here as well.

If you are promoting some sort of lead magnet on your website which a prospect downloads then that name would go in his stage.

At this point, you have a contact who has raised his or her hand and have permission to market back to this lead.

You should be emailing them through a marketing or email program which allows for opt-out of the email communications.

If they opt-out, don't delete the contact. Move them back to a #1 score.

They may re-engage with you later when they are more ready for your services.

Advisor lead score – 3 (Interested)

We would typically place a seminar or webinar *attendee* into this step.

If you track opens and clicks on your email marketing campaigns, interested leads would be your subscribers who are clicking on links, interacting with your content or always opening your emails.

Some marketers and advisor teams actually lower a lead score for a contact if they have not recently responded to an outreach by the advisor.

An event attendee would move back to lead score 2 if they do not take another action for a six-month period after the event.

Advisor lead score – 4 (Warm, unqualified)

Leads who have interacted with you or your marketing in some way and then filled out a "contact us" form on your website or have called and left a message to talk can go in this stage.

Some contacts can be new on your list at this stage.

For example, the classic situation of, "I just got a great referral from a great client or Center of Influence," could go here.

An initial appointment is usually set in this stage.

Advisor lead score – 5 (Hot, qualified)

Essentially, this stage means many or all of the conditions above have been met above but the lead is now qualified.

For example, you talk to them and they met your criteria to be a client.

Perhaps it will take you months or even a year or more to convert this qualified lead to a client, but as long as they are qualified they warrant the highest score.

Leads who graduate this final stage usually move to an active sales opportunity and are added to your sales pipeline and CRM.

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Hopefully walking through how one advisor firm scored their leads gives you a feel for why you should never buy leads from third parties. You are only buying “names” or “suspects.”

What can you do to generate more leads for yourself or your firm?

I’ve put together a new checklist, *21 Ways Advisors Can Generate Leads*, available for a free download for *Advisor Perspectives* readers.

This handy checklist will help any advisory firm be lead ready.

Bob Hanson is the author of Marketing Power for Financial Advisors. Get his free checklist 21 Ways Advisors Can Generate Leads, here.

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