

Tips to Drive Your Batting Average to Most Valuable Player Status

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The ideas I'm going to share today are responsible for more than 95% of my insurance sales. I've been using the same ideas for many years and they still work. These ideas have helped me remain a member of the Top of the Table for 27 years since its inception. Some of the things I learned when I sold encyclopedia house to house as a young man, I hope to share with you today.

Now what I'd like to do is share some transferable sales ideas. Let me ask you questions. Would it be worth forty-five minutes of your time if you were able to get just one transferable idea that would help you make more money? Okay. That's my goal. We'll see how well I do. Also I'd like to give you some tips that will help you improve your batting average. T.I.P.S is an acronym for techniques, ideas and a process that I guarantee will work for you as they have for me.

When people come into the life insurance business, I'm convinced they're programmed for failure. Did you ever hear of the ten, three and one system? Did you hear of that? Ten calls, three appointments and one sale. In this modern era, folks, if you can only make one sale out of three appointments, or one sale out of every ten people you have to contact, you're missing the boat. So what we're going to try and do today is to give you some thoughts and ideas that will help you improve your batting average.

Do you know the difference between a baseball player who gets two hits every ten times at bat and one who gets three hits every ten times at bat? A 200 hitter versus a 300 hitter. A small difference, (one extra hit in ten at bat) makes a big difference in success and about \$1,000,000 a year in income.

I'd like to try an experiment. Would you all fold your arms across your chest, please. Fold your arms. Okay, now I'd like you to unfold them and fold them the other way. How did it feel? Weird. Different. Unusual. These are the emotions you're going to experience any time you have change. So if you should elect to use any of the ideas we talk about today, don't feel bad if you start to feel either

Tips to Drive Your Batting Average to Most Valuable Player Status *(continued)*

weird or unusual. Psychologists tell us it takes 21 days for change to become habit. It'll take a little time. But eventually, if they work for you, they'll become part of your daily routine and habit.

Someone recently asked me what kind of charts I use to help me sell. I use a one page organizational chart. Recently I was part of a large organization and somebody asked me "How many people work for you?" I said about twenty-five percent. But in reality, we had about two hundred and fifty employees. And we administered thousands of pension and profit sharing plans. And we had some of the fanciest and most expensive brochures I've ever seen. One of the fellows in our firm came up with an idea of an organizational chart on one page. When I go out to see a prospective client, and I want to tell the prospect what I do and who I am, I use this one page chart. I've recently prepared a simple brochure that does the same thing and incorporates this chart in it. And I will take the time to go through it with him and to say, "Mister Client, I'm really like a financial internist. My job is to help diagnose whatever problems the prospect might have and either they may be within my specialty or if they're not, I have other top experts who can do the job for the prospect. For example, if I was an internist and I discovered a heart problem, I'd send you a cardiologist, right?" Then I take a few minutes to talk about retirement plan services, investment services, financial and estate planning, and insurance services. For years when somebody asked me, "What do you do?" I was confused; I didn't know what to tell them I did. I was a life insurance agent. If I told them I was a life insurance agent, they tuned out. So years ago I got the title Estate Planner. And maybe you use something like that on your business cards or whatever. I went out and did a beautiful estate plan for someone. When I went back to make the sale, we talked about life insurance. He said, "Gee, I didn't know you were in the life insurance business. I just bought a policy from someone a few weeks ago." So I decided I want people to know what I do and how I get paid.

All of us have many good ideas. A lot of the sessions are technically oriented. And you're going to hear sessions

on deferred comp and split dollar and estate planning and retirement planning. Those ideas to me are like arrows in a quiver. You and I are the bows. Our job is to take that arrow, that idea, and aim it at the target that is our prospect. Now hopefully today what we can do is improve our accuracy because if we improve our accuracy, it seems logical we're going to improve our sales. Does that make sense?

There's a great book I would recommend it to you. It's called "Strategic Selling." It's by a couple of authors named Miller and Heiman. Among other things, they talk about a prospect's mental attitude when you first meet him. Let me ask you a question. If you go out and meet a prospect and his net worth is three to five million dollars, and he makes two or three hundred thousand dollars a year, do you think he's disturbed? Would you be disturbed if you were in that position? I don't think so. Generally then, what you're going to find is the mental attitude of a prospect is in one of four places. He's either going to be even keel, over-confident, in a growth mode, or in a trouble mode. And let's take a quick look at each one.

If somebody is even keel, the reality today is different from the results needed to solve their problems. But if everything is going so good, their attitude is why rock the boat now? I'd rather keep things as they are. And unless you can move the client away from that attitude, the probability of your making a sale is very, very low. On the other hand, if someone is over-confident, he's sitting back in his chair thinking, "Who needs your proposal, I've never had it so good," your probability of making a sale is nil.

Now if you can change the attitude of those prospects to where they see the reality today and they know that the results that are needed are different from what they have done, and if your proposal will close that gap or solve the problem, then the probability of the sale becomes much higher. Does that make sense to you?

And lastly, if they're in trouble and they really know they're in trouble and once again, if your proposal removes the cause of the trouble, or solves the problem, your probability of a sale is high.

Tips to Drive Your Batting Average to Most Valuable Player Status *(continued)*

I view the sales process as a three act play. Act One is to disturb. If you have someone in even keel or over-confident, you're not going to make a sale unless you can disturb him and move him off of that mental attitude. As a matter of fact, my experience indicates that too many of us are out there solving problems before the client even agrees there is a problem. We're so anxious to get to our solution; the client doesn't necessarily agree he has a problem. That's why we don't make the sale. Act One is to disturb.

Act Two. Once the client is disturbed, it's incumbent upon us to present alternative solutions. Is there usually more than one way to solve a problem? Absolutely! Why don't we look at all the solutions we can think of and then focus on the best solution. Try to show the client why we believe he should see it's the best solution.

Act Three: Focus on the best solution and get the prospect to take action.

This may be the most important part of my entire presentation. It's what I like to call the planning process. It's a four-step process. I use it regularly with everything I do, whether it's professional or personal. The planning process basically starts with the premise that you have to know where a person is now. The second step is to know where he wants to be. The third step is to show how to get there. And the fourth step is to do it. Let me give you a personal example. When I got married, I use to have someone come out to the house, before I was in the insurance business. They did a program for me. Do any of you ever do any programming, by that I mean two interview sales? Okay. What's the first thing you do? You meet with the client, you get all the facts, right. You pick up the insurance policies. You take them back to your office. You get everything the prospect has, that's where he is now. Now if you know where he is now, let's look at step two, where does he want to be? What are his goals and objectives? Not yours. His. And it's very important in the fact finding that you probe and explore and get his goals and objectives. So if you know where you are now and where you want to be, what is step three? What's the time frame. How do you get there? What's the gap? How can you close the gap? Now, if you know where you are now,

where you want to be and how you get there, what do you think step four might be. Take action. Do it. What good is it to take the football down to the one yard line if you don't punch across the goal line?

To summarize, this to me, is the planning process. And I use this in every meeting I have. I will never even talk about life insurance until I find out exactly where the client is now and exactly where he wants to be. By getting that information, it's going to give me the information I need to disturb him and to get him off of the even keel and the over-confidence mode.

Let's see how this process relates to goal setting. What elements does a goal have? I like the acronym S.M.A.R.T. "S" is Specific. To be a goal, you must have a specific quantifiable number. "M" is Manageable. Is it within your scope? "A" is Attainable. "R" is Relevant and "T" is Trackable. Let's relate this MDRT membership. What is the specific amount needed in 2005 to qualify for MDRT membership. It is \$69,600. That is \$5,800 per month. Is this Manageable by you? And is it Attainable? The next element is vitally important. Is it Relevant and important to you? Is it Trackable. Make a chart showing each month and the amount of production you should have to remain "on track". We are now in June and we should have 5/12 of our production through the end of May. That amount is \$29,000.

The last concept before we get into some actual sales presentation, I like to call locking the gates. Locking the gates. Try to picture a stockyard in the Midwest. If you can picture a cattle car pulling into the stockyard, when the car has stopped they load a chute up to the doors of the car. The first thing they do is start prodding all the cattle out of the car. And when the steers have all been prodded out of the car into the chute, what do you think they do? They close the door. Why do they close the door? So the cows can't turn around and go back. Then they prod them a little further. And once again the gate comes down. And they keep doing this step by step until all the cows are finally into the pen itself. So my sales technique that I use, and I'll show you how I use it, is called locking the gates. I want to get agreement from the client as we

Tips to Drive Your Batting Average to Most Valuable Player Status *(continued)*

go along that the facts I have and the premises I'm using are correct before I go into the solution.

The fact finding questionnaire is extremely important. Obviously this is the gathering of the data (the "Where Are You Now" stage). My questionnaire includes questions about all of their advisors, their accountant, attorney, stock broker, insurance agent, etc. I also ask if they're satisfied with them. Why do you think I want this information at the beginning of the relationship? Let's look at a few examples. Suppose the accountant is someone you know and he's anti-insurance. Wouldn't you like to know about that, especially if the prospect says he never makes any decision without his accountant's advice? You might wish to change the method of your presentation. Perhaps you know the accountant and attorney and have some mutual clients with them. You could enlist their support.

Suppose the life insurance agent is their brother-in-law or some other close friend or relative. You might like to probe your chance of actually doing insurance business with them before you spend many hours developing a plan.

I realize that this is an international audience so please deal with the concept.

Okay, here was an estate planning case that we did a few years ago. This is the actual case. We changed the names to protect the innocent. All right. And you can see what generation I'm from and we have had a preliminary meeting with this prospect and this is the information that he gave me. Make believe for a moment that you're prospect. John, as I understand it, you and Mary have only been married once and you have three children. Is that correct? Right. If he says no, I've been married twice or Mary has been married before, I'll jot it down. If it isn't important or germane to the presentation, I'll go on. If it is important to the presentation or it's something that would change the presentation, I'll stop and say, you know, I'd better take this back to my office and redo it because all of the recommendations that I'm making are predicated upon the information that I thought I heard from you. And I actually read it with them. Sometimes instead of putting it in a binder or a book, because most clients like to thumb through it and get to the bottom line, I just give them one

page at a time. Here's a page, let's look at this page. Then I go through his net worth, financial statement, separating liquid from non-liquid assets, things like his IRA account and retirement plan are still subject to tax. The business that he had, he undervalued. He himself made that statement to us. His total liquidity is not that great. If you look at him, he's got some cash of a couple hundred dollars. Three hundred thousand in and IRA which is subject to tax. She he's got roughly four or five hundred thousand dollars in liquidity. I get him to agree that basically that is, by and large, the correct information. His total net worth is approximately 3.6 million dollars. We show him, and you'll see in a moment, how we demonstrate what the estate tax liability would be. It would be approximately one and a half million dollars when he and his wife died. I keep saying approximately. Do you think he cares whether it's \$1,427,942? Not at all. Deal in concepts, folks, deal in concepts. So he's got one and half million dollar tax liability. This was very interesting.

Presently there is no life insurance on either his life or his spouse's life. He had some once but he let it go. The kids had grown up. He said I don't need any more life insurance. That's a really strong buyer, right. Okay.. We also verified that they're not currently making any gifts to their children. That was the where are you now part of the presentation. Do you follow that?

Where do you want to be? Here were his goals and objectives. He has one son in the business; ultimately he'd like that son to own a hundred percent of the stock. Right now the son has two percent. Upon the death of John and Jane, the husband and wife, he would like the balance of the estate to go to his other two kids. Okay. And he's like it divided equally. Well there's going to be a major problem as you can begin to see. Because once those estate taxes come out of the estate, unless they sell the business, those kids aren't going to get much of anything.

He would like, and I always use this phrase, am I correct John, that you would like your estate taxes to be paid in the most cost efficient manner? That's like motherhood and apple pie. Of course he would. Part of the problem John, is that at this time the total liquidity in the estate

Tips to Drive Your Batting Average to Most Valuable Player Status *(continued)*

if four to five hundred thousand. Which leaves us with a shortfall of about a million dollars. Based upon your goals, we believe it will be extremely difficult to divide the estate in any equitable fashion after the payment of taxes. Does that make any sense to you John? Okay.

This is a page where we merely show what the value of the estate is, and if he did the optimum estate planning, these taxes would still be about one and half million dollars. And if one of the parties dies this year, and the spouse lived another ten years, with some reasonable growth, we'd have an estate tax of about 3.6 million. We're already trying to position him to say that a million dollars might not be enough life insurance. A million dollars might not be enough to cover your problem.

There are two pages here that I use in every estate planning presentation. You can use them either in conjunction with it or I just carry them with me. To the best of my knowledge, ladies and gentlemen, there are only five ways to pay estate taxes. Now if any of you can think of a sixth way, I'd like you to let me know after the meeting and I promise I will incorporate it in what I've used. But the only ways that I know a family can pay estate taxes are, Number One: use cash. Number Two: Sell an asset. Number Three: Borrow from the bank. Number Four: Borrow from government, maybe Section 6166 or Number Five: Use a special prepayment insurance option. All we're doing is exploring the alternative solutions. Because if I only go in with my insurance solution, I promise you he's going to say, well, my lawyer and accountant said I can take up to fourteen years to pay some of the taxes or I've got cash in the bank, or we can do this or we can do that. I want to explore those alternatives with him when I'm sitting face to face. I don't want him thinking about other alternatives in the back of his mind. I might lose the sale because I didn't talk about it. Now each of these options has a cost. Is that right. Let's look at the cost of each option.

Suppose you want to use cash. What's the cost to your family of using cash? Number One, you've lost the cash. Right. Your family wrote a check to the I.R.S. for a million and half dollars. That cash is gone forever. What else have you lost? The interest on the money. I mean if you didn't

give the I.R.S. the million and a half dollars, wouldn't it still be sitting in the bank account for your family earning interest or income every year. So consequently if we were to look at a twenty-five year time frame and that's not magic number because, in reality, that money would be there as long as both of his children lived. But if we look at a twenty-five year time frame and assume the money was earning eight percent, that's a hundred and twenty thousand dollars a year of lost income. Times twenty-five years, when added to the lost asset, that method cost the family four and a half million dollars. Years ago when I spoke in Columbus, Marvin Feldman suggested that I add a column showing the percentages. In this case, the four and one half million dollars is 300% of the original one and a half million dollar cost. You follow that?

Method 2. Sell an asset. What have you lost? You've lost the asset. If it's a building or some real estate you've also lost the income estimated at 6% and the appreciation, estimated at 4%, which may be as much as a hundred and fifty thousand dollars a year. You can calculate that for 25 years. That's five million, two hundred and fifty thousand dollars or 350%.

Borrow from the bank. Well, I'm not sure, Mister Prospect, that when you pass away, your bank is going to be quite so anxious to lend your children a million and a half dollars, but if they would, what would it cost them? Both the principal and the interest. And the interest may not be tax deductible. Okay. So it will still cost about four million dollars, or 273%.

This is the one I love. 6166. Borrow from the government, if it applies. Most accountants and attorneys don't bother to talk about what the cost is. The cost of this is two million, eight hundred and seventy five thousand dollars, or 192%, payable at the rate of two hundred five thousand dollars a year for over fourteen years. However, you're using tax dollars. Which means your family might have to generate three hundred and fifty thousand dollars of pretax income to net two hundred thousand dollars of after tax income to pay the government. Plus your estate remains open for all of that period, and the government has a lien on the business.

Tips to Drive Your Batting Average to Most Valuable Player Status

Now the last option is the insurance prepayment option. What I'm going to suggest to you, Mister Prospect, is this. I'd like you to deposit a premium of twenty-nine thousand dollars a year for approximately eleven years or approximately \$367,438 or 24% using current assumptions, and that premium, ladies and gentlemen, is estate tax deductible. Is that right? Do you use the word estate tax deductible? If you don't, you should. What happens every time your client transfers money from his pocket into a trust, an irrevocable life insurance trust? Hasn't he removed the money from his estate, making it estate tax deductible. If he's in a fifty percent tax bracket, doesn't that mean instead of a cost of three hundred thousand dollars that really cost the family about a hundred and fifty thousand dollars. Which of these options, Mister Client, makes the most sense?

By the way, we may have one problem, folks. You see, I don't know if you can qualify for the best option. So I think that before we go any further, you and your wife ought to get examined because if you can't qualify for the prepayment option, then we have to make some different plans so that you have to use one of the other four. I'd like to arrange a life expectancy test.

If you want to, this is a summary page showing what the cost of each one is. Those of you who like graphs can use this type of material to show the prepayment option is the most cost effective of all of them. That's the way that I sell insurance for estate planning.

That's the whole presentation. Now did you notice anything missing? A ledger statement. People don't buy insurance because of ledger sheets. Do you think it's important? It may be, after the fact, once the client has agreed that your option is the best option. You may have to talk about the quality of the companies. You may have to talk about the ledger. He doesn't care about cash value. If you're selling insurance for estate tax purposes, he cares about one thing. The promise to pay. The promise to pay. Not what was in the policy, the promise to pay when he and his wife pass away so that his kids will

not have their estate depleted. That's the entire estate planning part of the presentation.

Okay, I'd like to try an experiment. What I'd like you to do is read this one time and then I'm going to ask you a question:

Fewer failures are the result of years of building your self-esteem combined with the setting and attaining of goals.

Okay, M.D.R.T. people are very fast, so I'm sure you've all read it. Question. How many of you see three F's in this particular saying? Would you raise your hand, please. Raise it up high. How many see three F's? Four F's? How many see five F's? How many see six F's? Well, you're a better group than most. Most of you don't see any F's apparently. Okay. The word of, O F, many people overlook the F in the word "of". Because it is pronounced like a V. The same as many of us are overlooking the opportunities that are out there in front of us. When I asked many other groups what they've seen, more often than not, three or four are the prominent number, very few people actually saw six F's.

In closing, I'd like you to think about your attitude and the kind of person you are. Now to me, there are really two kinds of people in this world. There are people who are thermostats or people who are thermometers. What's the difference between a thermostat and thermometer? What does a thermometer do? It reacts to what's going on around it. Right. What does a thermostat do? It controls the environment. Ladies and Gentlemen, you can control what you're doing. You can control your presentation. You can even help control the way your client thinks of you and the work you do. And I would ask this of you, did you get at least one transferable idea today? If you did get one, it's incumbent upon you, M.D.R.T. people, to take this back to your community, to share it with other people. And if any of you happen to make a sale when I see you next year, hopefully we'll all be here, just come up and say, "Hey, Mark, that idea worked for me", because that's what makes this experience worthwhile for me.