

WEALTH ADVISER: The Power of Storytelling

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--Stories are powerful marketing tools

--We're wired to process stories more readily than charts

--The most famous family-wealth firms have strong tales about founders

By Thomas Coyle

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Lowenhaupt Global Advisors owes it all to nicotine.

You see, in 1908, when St. Louis attorney Abraham Lowenhaupt started what his descendants now say was the first U.S. law firm specializing in income-tax matters, there wasn't much work to be had--in fact, Congress didn't OK the newfangled tax for another five years and another few years passed before anyone started collecting it.

Fortunately, his brother co-owned a tobacco shop right downstairs from Abraham's office. In those days men gathered in tobacco shops to gossip and argue. So whenever the other Lowenhaupt caught wind of a dispute that might end up in court, he'd ask the fellow concerned to do him a favor.

"Take this pack a' smokes up to my brother, will ya?" he would say.

And so the law firm, which still exists as an affiliate of LGA called Lowenhaupt & Chasoff, eked by until the tax-advice business came into its own. This is the story LGA Chief Executive Charles Lowenhaupt tells about his grandfather and great uncle.

Storytelling is good marketing -- maybe the best kind -- because it's how people naturally relate to one another, says Lowenhaupt. "When I meet a new family and ask them to tell me about themselves, it usually starts with 'Well, my grandfather dada, dada, da,' and we do the same," he adds. "Families define themselves through stories."

And so do successful-wealth management firms, according to Beverly Flaxington, a Medfield, Mass.-based sales and marketing consultant to registered investment advisers. "Our brains are wired to process information in story form," she says. "Show someone a bunch of charts and their eyes glaze over; tell them a story and you can see their interest."

The best-known family-wealth firms all have great stories -- usually related to their founders. Henry Phipps, lifelong pal and business partner to Andrew Carnegie, established Bessmer Trust in New York a hundred years ago to manage his fortune for his heirs. The Philadelphia-based multifamily-business office Pitcairn still handles part of a fortune established by the 19th-century Swedenborgian industrialist John Pitcairn Jr. And the Rockefeller Financial brand evokes the idea of success in business and wealth preservation.

But most wealth firms can't call on robber-baron legends. Worse, too many advisers recite service menus to prospects rather than tell the stories that make them distinctive. To kill that tendency, Flaxington takes her clients through a question-and-answer process that might go something like this:

Q: What makes your firm different?

A: We provide holistic wealth management.

Q: So what?

A: What?

Q: Everybody says they do that. How do you do it differently?

A: Well, we conduct rigorous, in-depth interviews to understand our clients' goals and aspirations.

Q: So what?

And so on, until a real story emerges from layers of platitudes and jargon.

When Mark Singer of Lynn, Mass.-based Safe Harbor Retirement Planning -- an independent affiliate of Commonwealth Financial Network that manages about \$60 million -- wants a client to grasp something fundamental, he's apt to tell a story.

"Most people can relate to stories about children," he says. "So I might talk about my daughter getting on the wrong train one time when she was 15, and only discovering her mistake when she took the time to ask someone. I relate that to retirement planning and the need to be on the right train if you want to arrive at a certain destination."

And Lowenhaupt, whose firm manages about \$700 million and advises on a lot more, has a story for clients tempted by shady deals.

A client wanted an OK to take several million in cash to the Bahamas. There, a man was waiting to invest it and put the principal and all proceeds out of Uncle Sam's reach forever.

"My father asked him to come into the office," says Lowenhaupt. The client, who already had the money in a bag he was carrying around, declined at first. But Lowenhaupt senior eventually persuaded him to drop by on his way to the airport.

Once there, and with young Charles observing, the client again outlined the deal and asked for approval.

"It may be OK," the veteran tax lawyer said. "But I have to ask, if this guy is willing to help you cheat the IRS, what's to stop him from cheating you?"

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