How to Create Interest with Napkin Presentations

By
Jeff Johnson

Jeff Johnson: Napkin Presentations

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Napkin Presentations: Introduction

Too often in this business we make things complicated by talking about the FNA, compound interest, etc. One of the things I have learned along the way is people just want to keep it simple: K.I.S.S. Keep It Short and Simple. So when we are working with people, we want to find ways to communicate on their level.

This packet contains what I call "Napkin Presentations". There are 12 presentations and two stories I use to help people understand our business, what we do and how we do it.

Please understand, in this business, our job is to be communicators. The reason we get paid the money we do and why you have the opportunity to make hundreds of thousands of dollars a year, is because we take something the world perceives to be very complex and very difficult, the financial services industry, the mortgage industry, the investment industry and the insurance industry, and we make them very simple.

We tell them in stories because people understand them a lot better. You don't have to be complicated with graphs or anything. A lot of times you can just grab a napkin or a notepad and just draw it out.

In many of these presentations, I do something I call "Dollarizing". You can have the best concepts in the world, but unless you give it a dollar figure of meaningful impact, then it doesn't really matter. So anytime you give one of these examples, if you have the opportunity, you want to dollarize it.

There is a lot of meat in these presentations. There has never been one time when I have sat down and given more than 4 or 5 of these at one sitting, because it is just too much stuff. Normally just do 1 or 2 and remember your purpose, your objective: Create interest. Use these to get your foot in the door, create interest, show value to your potential client.

You never know when an opportunity to use one of these presentations will arise, so practice and master them and teach them to your team. These presentations are going to help your business in a huge way.

I'm proud to be your team mate. See you at the top!

Jeff Johnson

About the Author:

Jeff Johnson is a Team Unstoppable RVP in Deerfield, Illinois. He has been with the company for 4 years and an RVP for about 2 years. He started this business when he was 19 years old. Because of his age he was forced to show value to his clients and create interest immediately to build his credibility. Many of his clients had children older than him. Why should they listen to him about finance? He developed the approach "Give me 5 minutes. If I don't teach you something, I'll leave."

His first year in the business, with the help of these presentations and a small team, he was able to make $40,000. The second year, he got his team involved in giving these presentations and made $80,000. His third year, he became an RVP and made almost $150,000. His current income exceeds $250,000. One key to his success was to recruit a big team and teach them how to use these presentations.

Thank you to Jeff for being kind enough to pass on this information to the rest of us.

Napkin Presentations: Creating Interest

- Master these napkin presentations and two stories
  - Out in the real world, you can't check your notes or carry a presentation 24/7
  - Learn them and teach them to your team
  - Get good as asking questions, write down client questions, "I'll cover that when we get back together"

- Most people don't want to sit down with you
  - You have never given them a reason to
  - They have to think it is a good investment of their time

- Let people see the value you bring to them
  - Do a napkin presentation, then look at watch
  - "I really don't have a lot of time to get into it right now, but let me do this. Let me give you my card, give you a little bit of information. What we'll do is I'm going to be in your area next week. Why don't I pop by and I'll show you a little bit more information."

- Finances come up in conversation everywhere
  - If finances don't come up in conversation, make them come up
    - Ask people a ton of questions.
    - Try to recruit them and create some interest.
      - What do you do?
      - How long have you been doing it?
      - Do you like it?
      - What do you like best about it?
      - What is one thing you would change if you could?
    - When someone asks you what you do, don't answer like this
      - "I work in financial services."
      - "I work for a division of Citigroup, Primerica"
    - Correct answer about what we do:
      - "Well basically what I do is I work for a company that teaches people things that mortgage companies, investment companies and insurance companies don't want people to know, because it would put them out of business."
      - "Like what?"
      - Now give one or two napkin presentations that would interest them (you just asked them a ton of questions and should know which ones will spark the most interest).
      - Now they want to set an appointment with you.
        - They usually just won't say it, so lead into it.
        - "You know what. Why don't I pop by. I have a few more of these things I want to show you. But I'm really busy right now."
        - Set the appointment. Give two choices: "How does ____day or ___day work for you?"

- When you fish, bait the hook, then reel them in.

KISS: Keep it Short and Simple: Remember, if you don't help them, nobody else is

Which Presentation Do I Use?

Here is a quick summary of each presentation and which aspect of the business it covers. You should always be able to use one or two of these if you are in the right market.

Remember, people do not what to talk about debt, because they already had the fun spending the money.

No one wants to talk about insurance. It is the responsible thing to do, but no one gets excited about croaking and leaving a few hundred thousand to their family.

People want to focus on investing, it is the most fun, but often the most confusing, which is why there are so many more presentations on investing. There are three big concepts which are the most important things that people need to know when it comes to investing: the Elevator story, the Clock story, and the Cow story.

We tell them in stories because people understand them a lot better.

Protection	Debt	Investment	#	Name
X			1	**House Story** • Explains what we do and ways we do it • Helps client understand why first proposal is insurance
X			11	**Theory of Decreasing Responsibility** • Simplified way to show coverage is only needed for short time
X			12	**Bank A, Bank B** • Use this **before** they know you are talking about insurance • Illustrates four funny banking rules • Addresses "Insurance with Investment" area of concern
	X		2	**Biweekly Payments** • An extra payment a year = cut 6 to 8 years off loan • Be assumptive. They are already doing it, right? Isn't everyone? • Everybody has heard of it but no one understands • "Dollarize it" - Give it meaningful impact $$$
	X		3	**First Payment at Closing** • Cuts off 12 to 18 months of mortgage • Use with Biweekly to make 30 year a 20 year
	X		4	**Ice Cream Story** • Eat cone not ice cream; Pay principle, not interest • Our company shows you how to eat differently

Protection	Debt	Investment	#	Name
		X	5	**Elevator Story** (Diversification) • Be diversified to be less risky • Stock VS Mutual Fund • Mutual Fund = lower risk for you and family
		X	6	**Clock Story** (Long Term Approach to Investing) • Don't be short sighted, Keep long term focus • Four basic parts of market cycles • We have seen many cycles in our lifetime • Most people buy high and sell low
		X	7	**Cow Story** (Dollar Cost Averaging) • Continue to invest regardless of what is going on with the market • All that matters is that you buy more cows
		X	8	**Roth IRA** • If everyone understood them, everyone would have one • People don't understand fancy terms • They understand fewer taxes
		X	9	**Rule of 72** • Not in the "makeover" presentation • Take the extra step to show people • Explains how money grows faster at higher rates of return • "Dollarizes it" by giving example of newborn with $1000 investment in CD vs. mutual fund
		X	10	**CD story** (Certificate of Depreciation) • Plainly shows why CDs are not a good investment • Illustrates net losses after taxes and inflation

Stories

Financial Doctor

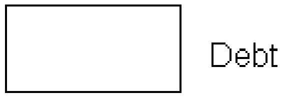
- Analogy of Medical Doctor vs. Primerica Financial Doctor
- We are different because we are client focused not product focused
  - We listen and make diagnosis
  - We study situation and make plan of attack for each family's goals
  - We are different because we are there in bad times, when you need us most

Driving Directions

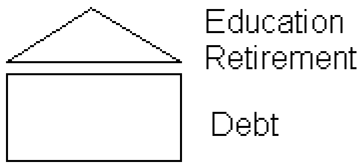
- Analogy of driving car without directions to living financial life without plan
- Without directions you may never get there or may arrive very late
- We are different because we help set plan and help you follow it, not focus on product sales
- We give finance a human touch

Napkin Presentation #1: House Story

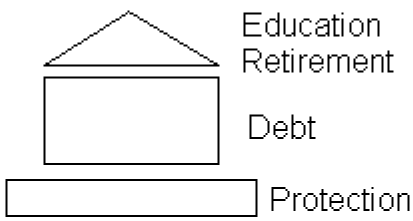
Mr. and Mrs. Client, When I'm putting together a financial plan, it is just like I'm building a house. And pretty simply when I build a house, there's three basic parts of the house.
The base of the house is the debt,



The top of the house is the retirement and education,



And the foundation is the protection.



So when I put together a financial plan to help your family reach their goals, I'm going to tell you, I'm going to build it just like a house.

First and foremost, I'm going to build a strong foundation, so I'm going to make sure your family is properly protected.

Then what I'm going to do is I'm going to focus on your debt and get it under control and get you on track to become debt free.

Them I'm going to spend a majority of my efforts focusing on retirement and education.

But it is pretty simple: You have to have a strong house to have all your finances in order.

We could just focus on debt and retirement, but if something happened to someone in your family, you wouldn't be in good shape now would you?

Napkin Presentation #2: Biweekly Payments

Well I'm sure you are making biweekly payments on your mortgage, right?
Has anybody ever told you that if you pay biweekly on your mortgage it will cut 6 to 8 years off the back end of your mortgage?

Let's just say for example, take 8 years, 8 years times 12 months of payments, that's 96 payments you don't have to make. And let's just say your mortgage payment is $1000. 96 times 1000 is $96,000 worth of payments you don't have to make.

8 x 12 = 96   96 x $1000 = $96,000

Well let me explain to you the way it works, because maybe you've heard of biweekly before, but maybe nobody has ever explained to you why it's beneficial.

How many months are there in a year? 12
How many weeks are there in a month? 4
Well, if you multiply 12 times 4, that's 48, isn't it?

$$\begin{array}{r} 12 \\ \underline{\times \quad 4} \\ 48 \end{array} = 52?$$

Well you and I both know that there's 52 weeks in a year.
What happens is there's months like January that have a few extra days in them. Those extra few days' times 12 months actually add up to be an extra 4 weeks in a year.

So what happens is, it's pretty simple. Let's just say your mortgage payment again is $1000 and your paying $1000 a month for 12 months, so at the end of the 12 month time period you've paid $12,000. Right?

$$\begin{array}{l} \$\ \ 1{,}000 \\ \underline{\times \qquad 12} \\ \$12{,}000 \end{array}$$

Now, if you pay $500 every other Friday, so you just cut your mortgage payment, whatever it is, and you cut it in half, and you pay it every other Friday, which is 26 times, because half of 52 weeks in a year is 26, right? So if you pay $500, 26 times that adds up to be $13,000.

$$\begin{array}{l} \$\qquad 500 \\ \underline{\times \qquad\ 26} \\ \$13{,}000 \end{array}$$

So when you come down to it, you are making an extra full payment toward principle a year on a mortgage just by doing that, on the average loan you are going to cut 6 to 8 years off the loan.

Napkin Presentation #3: First Payment at Closing

You have probably refinanced your home or purchased your home recently, right? (WFA)

One of the benefits they sold, is they said "Great, we're going to refinance your house, we're going to close on your house today, and you are not going to have to make any payments for the next 30 or 45 days, so you get the first month off. Then we're going to send you that payment book in the mail and you're going to start paying on top of it."

So one of the biggest things that a lot of people don't know is if you take that first month off, it costs you 12 to 18 thousand dollars worth of interest. (Pause and wait for response "What are you talking about?")

Well, don't get me wrong, it was nice to have that one month off, but if you had made your first payment at closing or made your first payment a double payment, every single penny of that money would have gone straight toward principle. So what would end up happening here is to cut 12 to 18 months off the loan. Let me explain:

Let's just say that your mortgage payment is $1000. And lets just say that in the beginning about $50 is going toward principle monthly, $650 toward interest, and the remaining $300 lets just say is going toward taxes.

So what happens is … don't get me wrong again, it was nice to have that month off but if you had made your first payment at closing or your first payment a double payment, every penny of that money would have gone toward principle. So immediately the amount you owed would have been reduced by $1000.

Well, how many times does a $50 principle payment fit inside of $1000? That's twenty times. Well if you do the first payment at closing or the first payment a double payment, it cuts the first 12 to 18 months off the loan, so instead of starting at payment number one on your schedule of payments, you are starting at payment, lets say 19. So you cut 18 months of payments off the loan; 18 months times $1000, that's $18,000 worth of payments you don't have to make, which is huge.

Tip:

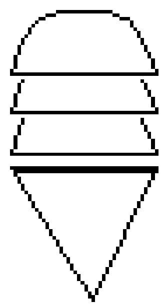
If you use **Napkin Presentation #2: Biweekly payments** along with this presentation, you can add the following conclusion:

"So between Biweekly payments and first payment at closing, you can pretty much turn a 30 year loan into a 20 year loan overnight, which is huge. There is no other company that will do that."

Napkin Presentation #4: The Ice Cream Story

I don't know if anyone has ever explained to you the way a mortgage really works, but it is actually very similar to eating an ice cream cone.

(Draw an ice cream cone with two or three scoops)



How do you normally eat your ice cream? (WFA)

What most people do is they lick the ice cream at the top, they lick it, and then eventually they get down to the cone, they bite the cone and they eat the cone.

Well, the way a mortgage works is the ice cream is the interest. The ice cream is the interest and the cone is the principle. And that is how you reduce how much you owe. A lot of times what happens is you have to eat through all that ice cream, all that interest, before you ever get down to the principle. And that is why you are in debt for 30 years and your mortgage isn't paid off for such a long time.

Well what I'm going to do when I put together my loan and what my company does is we teach you how to eat your ice cream differently. What we are going to do is bite off the bottom of the cone. And what we are going to do is bite off the bottom of the cone and start to eat the bottom, so eat the principle and try to avoid as much of that interest as possible. Now when you bite off the bottom of the cone, doesn't some of that ice cream leak through the bottom of the cone? So you are still eating some of the interest, but what ends up happening is we're going to knock out that principle as quickly as possible. We're going to eat that ice cream cone as quickly as we can, because what happens when the ice cream cone is gone? The ice cream falls down to the ground, it melts and you never have to pay it.

So one of the things we are going to do when you are doing a mortgage with me and my company, is we teach you a different way to eat your ice cream. Sound Good? Fantastic.

Tip:
Draw at least two scoops of ice cream on ice cream cone because the ice cream should be at least the same size as or slightly larger than the cone so your audience gets the impact that the interest on the loan is as much as or slightly more than the amount borrowed, even though you never say it in words.