Edward Jones Sales Competition

Role-Play Scenario

Spring 2023

Company Background: Edward Jones, a leader in the financial services industry, focuses on the personal relationship between a financial advisor and a client.[1] The company serves nearly 7 million clients through more than 17,000 financial advisors in the U.S. and Canada. Branch offices are in neighborhoods to be close to clients and facilitate this face-to-face interaction. The Edward Jones philosophy focuses on the customer and long-term investment philosophy.[2]

Your Role: You are an Edward Jones financial advisor. A graduate of Kansas State University, you have been with the company for four years. You have your own Edward Jones office located in Manhattan, Kansas. Your office has been open for three years.

The Prospects: Your prospects are Richard and Emily Mitchell. Richard is a 60-year-old graduate of the University of Kansas with a degree in Marketing and a minor in Advertising. Richard is a small business owner. He has operated a website and graphic design business for the past 15 years. He has one administrative employee, and his current income is $200,000 annually. Previously he worked for a firm in Kansas City.

Emily is a 55-year-old engineering graduate from Kansas State University who has started an engineering consulting firm. Emily's previous income was $200,000 per year, but the couple realizes it will take at least three years for her to build her practice back to that level of income. They realistically expect her to earn about $75,000 per year while she builds her business. They are both concerned about the decrease in income they will see in the next couple of years, especially during a time of slow economic growth nationwide.

Richard and Emily have been married for 30 years and have four children. Their son Sam is 28 years old, unemployed, and living in their basement. Their 26-year-old son Eric is an engineer; he is the 'alpha' child, and they plan to rely on him as they grow older. They have a third son, Adam, a K-State student. He just turned 21 in August. Their only daughter, Pamela, is a high school junior in gymnastics. Richard has aging parents who need their support. They are concerned about their financial ability to support Richard's parents throughout their lives and what they will need to do to ensure his parents are taken care of while still meeting their own financial goals.

The Mitchells have approximately $50,000 in a joint checking and savings account and $100,000 in certificates of deposits (CDs). Richard has $500,000 in a 401(k) through his former employer in Kansas City. Emily also has $200,000 in a 401(k) plan through her former employer.

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[1] https://www.edwardjones.com/en_US/different/our_fas/index.html,
[2] https://www.edwardjones.com/en_US/different/principles/core_principles/index.html,

Overview of the Sales Call:

The primary reason for your meeting is to discuss the value you can provide in helping the Mitchell family develop a financial plan to achieve their retirement goals, help Richard's aging parents, send Pamela to college, and address their estate planning needs. In your initial conversation with Richard and Emily at a recent charity event, they mentioned they would like to discuss a rollover of their old 401(k) plans. Additionally, both of them are interested in discussing their options for setting up retirement savings plans through their current companies and if it would make sense to roll over their old 401(k)s into new plans through their new companies, which they own.

You should also review the background and intent of the Department of Labor (DOL) Fiduciary Rule that was intended to govern financial advisors in the role of a fiduciary when giving any advice on a retirement account (IRA, Roth IRA, 401(k), etc.). An overview of the rule may be found at: http://www.investopedia.com/updates/dol-fiduciary-rule/.

Sales Call Objective:

Your objective for this sales call is to set up a second appointment with Richard and Emily to get their agreement to use you and Edward Jones for financial advising services and to discuss more specific retirement goals and investments.

Because you will not be selling a particular financial product, you should sell Edward Jones as a reputable, trustworthy firm and yourself as a representative of that firm. You should review the Edward Jones website (www.edwardjones.com) for more information about the company and its principles.

Competition Rules:

You will make a sales call to a fictional prospect (Richard or Emily Mitchell), with an Edward Jones representative playing your prospect's role. You will be evaluated on the sales skills you exhibit, including your ability to get a commitment for scheduling a follow-up meeting that would include both Richard and Emily. You will have **12 minutes** to complete the sales call. All sales calls will be timed, and the time begins when the door is opened to the room where the sales call will take place.

You must check in at the reception desk in the NSSI Suite in 2121 Business Building 15 minutes before your scheduled sales call appointment. If you do not check in at the reception desk 15 minutes before your appointment time, your appointment may be canceled. All sales calls will be held in the NSSI Suite in the assigned role-play rooms designated for the competition. Each sales call will begin promptly at the scheduled time, which will be confirmed with each student via an Outlook calendar invitation.

Your sales call will be evaluated and scored by Edward Jones representatives. Sales calls will be evaluated and scored on various aspects of the sales call, including overall approach, identification of needs, presentation of solutions, resolving concerns, and gaining commitment; other aspects will also be evaluated, including general communication skills, enthusiasm, and confidence.

Glossary of Basic Financial Terms[3]

All terms are taken from the Edward Jones website. Do not copy or reprint without permission.

Annuity: A tax-deferred retirement savings vehicle that is issued as a contract between an individual and an insurance company. An annuity provides a variety of income options, including a payment one cannot outlive. May be fixed, immediate, or variable.

Bear Market: A sharp, prolonged decline in the price of stocks, usually brought on by a slowing economy.

Beneficiary: An entity (either a person or an institution) named by the investor to inherit their estate or part of their estate after death.

Bond: A certificate representing creditorship; the issuer pays interest on specific dates and redeems it by paying the principal at maturity.

Bull Market: A sharp, prolonged rise in the price of stocks, usually lasting several months.

Certificate of Deposit (CD): An investment vehicle whereby you lend a bank or a savings and loan a set amount of money, which is then invested in securities or used for loans. For the use of your money, you are ensured the return of your principal at maturity and interest over the life of the CD.

Common Stock: Shares of a public corporation. Owners are usually entitled to receive dividends and vote on important company matters. Should the company be forced to liquidate, assets are distributed to creditors, bondholders, and preferred stockholders before common stockholders.

Diversification: A method to reduce investment risk by putting funds in several different investment categories. Diversification among stocks can be by sectors within an industry or by geographic location.

Equity: Ownership interest in a corporation, held by investors through common or preferred stock. Corporations issue equity to raise funds for the investment in the company.

Financial Risk: The uncertainty of the future financial abilities of the issuer to pay stockholders and creditors principal and interest.

Fixed Annuity: Resembles a bond in that the insurance company promises to pay the investor a fixed rate of interest for a certain period of time.

Individual Retirement Account (IRA): A personal savings plan that offers tax advantages to set aside money for retirement.

Junk Bonds: Bonds that carry a rating from Standard & Poor's of BB or less. These bonds are considered speculative investments. As these bonds will carry a higher coupon than investment-grade bonds (bonds carrying an S& P rating of BBB or more), another name for junk bonds is high yield bonds.

Money Market Funds: Mutual funds consist of short-term money market securities. They typically include Treasury bills, federal agency notes, commercial paper, CDs, and repurchase agreements.

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[3] https://www.edwardjones.com/en_US/resources/knowledge_center/investment_terms/index.html,
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Municipal Bonds: Interest-bearing obligations issued by state and local governmental entities primarily to finance capital projects for the "public good," such as schools, roads, hospitals, and water/sewer systems. Interest earned on a municipal bond is free from federal income tax (and in some cases, state and local taxes).

Mutual Funds: An investment company that makes investments on behalf of individuals or institutions with similar financial goals. The fund may invest in a variety of securities, such as stocks, bonds, and money market instruments. Mutual Funds have a low minimum investment amount, can be bought or sold any business day, and provide various objectives for almost any investment needs.

No-Load Mutual Funds: Offered directly to the public at net asset value with no sales charge.

Rollover: The investment of funds from one retirement plan to another.

Roth IRA: An IRA that allows for tax-free withdrawals as long as the contributions remain in the account for five years, and the account holder meets one of the following criteria: age 59 1/2, death, disability, or first-time home purchase.