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Cold Call Cowboy

RR Interview: Stephen W. Anderson, AE, Paine, Webber, Jackson & Curtis, Inc., Salt Lake City, Utah.

by Emil Knodell

Some boots are made for walking. And some brokers are made for talking. Like Steve Anderson. At 24, he is possibly Paine Webber's fastest rising young star. With only two years in the business, he has propelled himself from ground zero to million-dollar producer status. And he's done it all over the phone with a systematic, single-minded approach to cold calling that has earned him a most appropriate nickname—"The Machine."

Knodell: Do you really make 300 cold calls a day?

Anderson: I try to dial the phone 300 to 400 times a day. But I'm slowing down now because I have 1,300 accounts to service. I start calling at 7:30 in the morning and call until about 9:30 at night. That is a full day, servicing accounts and taking care of problems as they come up.

Knodell: Where do you get your leads?

Anderson: I try to keep my eyes open

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and use a little imagination. I get names from all over.

Knodell: Is there something these people have in common?

Anderson: Not really. I use lists of newly formed corporations. I do a lot of business with people who are used to hearing the facts and making decisions. I don't want to have to call them back 20 times.

Knodell: How many times do you call them back?

Anderson: I very seldom call back. I used to give people one chance—either they bought the product or I threw their name out. I probably passed up a lot of business, but I have been able to average 60 new accounts a month.

Knodell: I understand you grossed \$1 million last year and that was only your second year in the business.

Anderson: I just barely squeaked over the million-dollar mark. I did \$1,020,000.

Knodell: How much did you gross your first year?

Anderson: I did \$287,000.

Knodell: Are you starting to generate referral business?

Anderson: Yes. I think it's a numbers game. If you ever stop prospecting, you're dead. You are going to lose accounts over things you do not have control over anyway—bad decisions, people who pass away or move—and you just have to keep pumping the names in.

Knodell: Tell me about your background.

Anderson: I am from Palos Verdes, California, accepted a basketball scholarship to play at Brigham Young University and played there for four years. I graduated in business management/finance. Being on scholarship, I wasn't allowed to work. So the only job experience I had was delivering California Highway Patrol cars one summer.

Knodell: So you actually have had no prior sales experience?

Anderson: None at all. That was frustrating because no one would hire me.

Knodell: How did you land this job?

Anderson: It took me about nine months

to get hired. Everyone said, "Kid, the chances of you succeeding are slim to none." They wouldn't even talk to me. It was tough to be told I couldn't do it. I have wanted to be a broker since I was seven years old.

Knodell: What caused you to realize that at such an early age?

Anderson: My first basketball coach manages a Pru-Bache office in Long Beach, California. At the time, he was manager of a Thomson McKinnon office in L.A. I can remember going down and spending a couple days with him in the office when I was a kid. I don't know what there was about it, but I liked it. I thought it was neat to get dressed up, go in and watch the machines. Ever since, that has been all I have wanted to do.

Knodell: Tell me a little about what you do. I understand you look for CD money and sell-preferred stock.

Anderson: Yes, I do a lot in preferreds, but not as much now because interest rates have come down. When I started two years ago, we locked in 15 and 16 percent returns. At the time, everyone told me preferred stocks were terrible, but it seemed to me that 15 to 16 percent was not a bad deal. And it has worked out well because they have appreciated 30 to 40 percent, plus they pay some nice dividends. But on a first cold call, I use something very conservative. That's why I do a lot of cold-call business. I use a product like a tax-free bond. For example, I would say: "Emil, this is Steve Anderson calling from Paine Webber. The reason I have called is that Paine Webber's handling a brand new offering of a tax-free municipal bond that will provide you with a 12 percent tax-free return. Would you like to hear about it?" It's just that simple and very easy to understand. You give me \$25,000 and you are going to get a 12 percent tax-free return. I think that is why I get a lot of business. Other brokers in the office are amazed that people actually buy on the first call. Nobody ever told me differently. I just assumed they did. Of my 1,300 accounts, I'd say 80 percent were opened as cold calls.

Knodell: What other products do you use?

Anderson: As far as cold calls, I use only two—a tax-free bond and maybe a good utility stock. That is the easiest way for me to open accounts. Once I have people on the books, I try to find out more about them. They open up and tell you every-

"Between you, me and the fence post, I would like to be the biggest producer at Paine Webber."

thing you want to know once you get them on the books.

Knodell: How much of your success do you attribute to last year's bull market?

Anderson: Not that much. Maybe an extra five to 10 percent. I really was not doing that much stock business. But it really doesn't matter what the market does. I'm not going to kid myself. I can't pick stocks. I rely on the research people.

Knodell: Do you do any of your own research?

Anderson: I look at Paine Webber's research, find things I like and do a little homework. I take a couple of recommendations I like and run them through some other services to see what other firms have to say about them. I don't go into anything blindly.

Knodell: What's your basic investment philosophy?

Anderson: Most people on my books are about 50 years old. They're not looking to hit a home run, but maybe a single and a double. I try to stay fairly conservative. If I can get them 12 or 13 percent, they are pleased. Anyway, home run hitters strike out a lot. Most of the people I have now don't have another 20 or 30 years to go back and remake their money if they lose it. It is money they need to take care of. I try to keep that in mind. I'm not a high roller.

Knodell: How much of your success do you think is due to the fact that you don't meet with these people in person, so they can see how young you are?

Anderson: I look young, and I am six feet six, which helps. But I don't really like to see people because I do look young. It helps if I don't see them until the accounts are on the books. Then they come in and look surprised.

Knodell: Where are you headed? What are your future goals?

Anderson: Between you, me and the fence post, I would like to be the biggest producer at Paine Webber. My goal this year is \$1.5 million. In five years, I want to do \$2.5 million. I have confidence in my ability and how hard I work. There is no doubt in my mind that I can get there. It's

just a matter of doing it.

Knodell: Do you have specific goals for opening new accounts?

Anderson: I want to add another 60 accounts a month this year. If I can continue to bring in better quality accounts, my books are going to be a lot better.

Knodell: Do you use a computer?

Anderson: Yes, Bill Good of Telephone Marketing Inc. is working on something for me right now. We're computerizing my entire operation. He thinks it will increase my business by 50 percent.

Knodell: How extensively do you use a computer at this point?

Anderson: Right now, we are just entering data. We have added 1,300 accounts and have a questionnaire we are sending out to my clients to find out everything about them—where they are now, where they want to be and how I can help them get there. We are getting them back and putting them into the computer. It's very interesting. I have gone back and split my book into A, B and C clients. "A" clients get a call every two weeks, "B" clients get one every month and "C" clients get one every two or three months. We started with the Cs and got another one back to-

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day. One of the questions was, "How much investable cash do you expect to put in during the next few months?" One client was in the "C" book because I didn't think anything was there, but he said \$100,000. I also found 400 shares of AT&T in another account I had written off. It is just a matter of getting everything into the computer.

Knodell: Do you have a sales assistant?

Anderson: I have one full-time assistant, Robyn Young, and she takes a lot of the burden off me. One of the things that was starting to slow me down was that I had a number of calls coming in for dividends and stock certificates. She has been able to handle a lot of that for me. And that allows me to do what I do best—smile and dial. It has worked out well. December was my best month. I did about \$115,000.

Knodell: I understand you entered the

business with no personal money or contacts.

Anderson: That's right. I moved here from Los Angeles, and I didn't know anyone. It wasn't like my dad was on the board of directors of some company. I just started out with a stack of names and was able to get up and running in a hurry. It was just hard work.

Knodell: Do you have any advice for other new brokers?

Anderson: To get started, you really have to drop out of society for a couple of years. If you want to do well, you have to. Anybody can put in eight hours a day, but when it gets to be 6:30 at night and I'm tired and ready to go home, I just ask myself what other members of the Chairman's Club—Paine Webber's top 30 brokers—are doing. I have a little thing on my phone that says, "What are the other members of the Chairman's Club doing right now?" At 6:30, they're probably long gone, so I put in the extra mile. It is really a matter of how hard you want to work. If you want to work hard, you can make yourself some good money. For me, it's the challenge. I really want to be Paine Webber's biggest producer. That's my bottom line. ■