

Detailed Reference Card (DRC)

Utilize the PRACTICE™ Framework to Influence Others

PRACTICE™ Framework for Influencing Others



* What's in it for them?

Use the PRACTICE™ framework to influence others in these situations:

- Obtaining insights from information sources (see Exhibit 1)
- Sell-side analysts attempting to win over institutional buy-side clients (see Exhibit 3)
- Buy-side analysts attempting to win over their internal portfolio managers (see Exhibit 4)

We also have the following stand-alone detailed reference cards that utilize the PRACTICE™ framework in related areas:

- *Generating Sustainable Sources of Insight with ASPIRE™ Framework*
- *Questioning Techniques for Obtaining Insights Using the ICE™ Framework*

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Exhibit 1: Influence Information Sources Using PRACTICE™

Step of PRACTICE™	Steps to Influence Others
<p><u>P</u>repare to influence (1 of 2):</p> <ul style="list-style-type: none"> • “What’s in it for them?” (WIIFT) • “How can I conform?” 	<ol style="list-style-type: none"> 1. Research “what’s in it for them?” (see Exhibit 2) to ensure you know what will motivate them to have a conversation with you <ul style="list-style-type: none"> • Search for the person on Google, LinkedIn, Bloomberg, Facebook, Twitter, etc. to help identify potential needs (notoriety, knowledge, friendship, etc.) • If you’ve been provided the contact’s name via a colleague, ask about the contact’s motivations 2. Research their background so you know how best to conform to “their ways” (as discussed in the “C” of PRACTICE™ below). This isn’t to say you automatically adopt their way of thinking and style, but know it so you are prepared.
<p><u>P</u>repare to influence (2 of 2):</p> <ul style="list-style-type: none"> • Self-awareness 	<p>Self-assess by honestly answering these questions (resolve deficits where possible):</p> <ul style="list-style-type: none"> • Will you be credible to this person? (Ensure you know the critical factors for a stock) • Do you have strong communication skills? • Are you a good listener? (most people over-estimate their ability) • Are you empathetic? • Do you adapt well? • Do you have a large network of contacts to potentially share as “currency” with this contact?
<p><u>R</u>apport building</p>	<ul style="list-style-type: none"> • Be the first to say “hello” and thank the interviewee for his/her time • Ask questions to get to know them, in a sincere and genuine manner, which will build the all-important trust (work towards answering WIIFT) • Show reverence to the person by noting why you have reached out to him or her • Mention if you were referred to the person by someone they know • <u>Listen attentively -- at all costs, do not interrupt</u> – it shows a lack of respect and may convey an over-sized ego. When others want to speak, let them do 95% of the talking for the first conversation – it’s all about them • Establish common ground by agreeing with points they make – don’t have a debate during your first conversation • Be confident (but not arrogant) by having researched the topic and practicing the questions to be asked (using the ICE™ framework). Individuals are more likely to respond to a confident person than someone who is unsure or hesitant • Offer to provide something to meet their needs (the “rule of reciprocity” will likely lead them to offer you something)
<p><u>A</u>sk about needs (WIIFT)</p>	<p>If you haven’t already learned the interviewee’s “WIIFT” during your research in the “Prepare” step above, start the conversation by getting this answered (see Exhibit 2)</p>
<p><u>C</u>onform</p>	<ul style="list-style-type: none"> • Avoid passing judgment if the information source says something you disagree with (you won’t build trust if you start by disagreeing with the person) • Use terms or jargon that show you know the topic, but not those that may not be understood by the information source (e.g. “ROIC”, “PEG ratio”) • If in-person, dress in a manner that will help connect with the person • Embrace “their ways” by showing interest in something unique to their profession, personal background or geographic region
<p><u>T</u>rustworthy (build credibility)</p>	<ul style="list-style-type: none"> • To illustrate your expertise, show or send the information source some of your insights, if allowed (in advance of the first meeting/conversation if possible) • Be honest about capabilities and deliverables, and follow through on commitments and promises (take notes during meetings and then review afterwards) • Proactively explain that you will maintain their confidentiality • Treat everyone with respect (e.g. even the information source’s assistant or receptionist)

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<u>I</u> gnore distractions (external and internal)	<ul style="list-style-type: none"> • “Be in the moment” with the person by avoiding distractions such as emails, phone calls, texts, etc. (turn it all off or to “do not disturb” mode) • As discussed in our ASPIRE™ framework, for in-person interviews, try to find a location conducive to a conversation - and potentially note-taking (not a loud coffee shop or convention banquet table) • Ignore internal distractions such as: <ul style="list-style-type: none"> ○ Inattention ○ Self-absorption (which can include mentally preparing for your next question before the current question has been answered) ○ Misinterpretation ○ Personal biases
<u>C</u> ommunicate persuasively	<ul style="list-style-type: none"> • Use a comforting non-threatening tone, timing, pace and volume that will appeal to the listener (A person who feels attacked, rushed or doesn’t understand your question isn’t likely to provide open and honest answers) • Convey body language that shows you are interested in the conversation: <ul style="list-style-type: none"> ○ Good eye contact, posture and facing the other person ○ Smiling ○ Energetic ○ No crossed arms or legs ○ No scanning smartphone ○ Avoid skepticism in facial expressions and tone ○ Lean forward to show interest • Ask the interviewee’s opinion on topics • Use these strategies below, which can be found in the QRC “Utilizing Weapons of Influence for Equity Research” <ul style="list-style-type: none"> ○ Reciprocation ○ Commitment and consistency ○ Social proof ○ Liking ○ Authority ○ Scarcity
<u>E</u> nsure needs are met (WIIFT)	<p>These are discussed in detail in the “R” portion of the ASPIRE™ framework. Some of the most effective best practices include:</p> <ul style="list-style-type: none"> • Satisfy all reasonable direct requests in a timely manner (e.g. send them information they requested or connect them with another industry contact) • Offer to include the information source in a proprietary event such as a private monthly conference call with 5-6 other experts • If allowed by your firm, offer to send the information source your research • Periodically contact the information source to offer help, not just when you need information

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A key element of the PRACTICE™ framework is to ensure you determine “what’s in it for them”, preferably well before your first conversation or email. The following exhibit includes typical needs of good information sources and non-monetary methods to fulfill those needs.

Exhibit 2: What's In It For Them (WIIFT) Examples for Information Sources

Their Primary Need (WIIFT)	Their Specific Need (WIIFT)	Fulfill Their Needs
Information	Access to insights from senior management of companies within the industry	<ul style="list-style-type: none"> • Provide them insights after participating in calls or meetings with senior management of the companies in your universe • Forward key quotes from a quarterly call transcript or press release when relevant
Information	Understanding of their company and its stock price	<ul style="list-style-type: none"> • Provide an explanation about their company's stock valuation relative to the past and their peers • Provide an update on days when their stock is volatile or company is in the news
Information	Understanding of the industry trends or their company's competitors	<ul style="list-style-type: none"> • Forward insights you come across when researching (including blogs, journals, webcasts, etc.): <ul style="list-style-type: none"> ○ Major industry developments ○ Their company's competitors • Provide access to your research (if allowed by your firm) • Explain the critical factors on the minds of investors • Forward them information about relevant industry events they may want to attend
Information	Access to other experts	<ul style="list-style-type: none"> • Introduce them to your other relevant information sources • Invite more than one information contact to an event as an opportunity to meet one another • Forward them information about relevant industry events they may want to attend
Emotional	To be recognized as an industry thought leader	<ul style="list-style-type: none"> • Forward requests from the press to them that you receive • Recommend them to speak at conferences or private dinners you host (in conjunction with a conference or seminar where you can gather a group of experts) • In your post-interview thank you email, mention how you intend to give them recognition with others as the industry thought-leader
Emotional	Ego boost (some overlap with WIIFT directly above)	<ul style="list-style-type: none"> • Explain to the individual why he/she is considered the best expert to speak with and during the interview, frequently note how appreciative you are to be getting such insightful information from an industry guru • In your post-interview thank you email, acknowledge their talents and how they are one of the few people in the industry that is so knowledgeable
Emotional	Desire to honor request from colleague or friend who referred you to the information source	<ul style="list-style-type: none"> • Often, information sources will be flattered when their colleagues or friends referred you to them. If this is the case, let the information source know you will thank that colleague/friend because the introduction was so worthwhile
Emotional	Develop more friendships within the industry	<ul style="list-style-type: none"> • Dedicate time with them during industry social events such as conference and annual award dinners • Take to lunch or dinner when you're in the same town • In your post-interview thank you email, mention how you appreciate making the personal connection

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Exhibit 3: Influence Institutional Buy-Side Clients Using PRACTICE™

Step of PRACTICE™	Steps to Influence Others
<p><u>P</u>repare to influence (1 of 3):</p> <ul style="list-style-type: none"> Target only key clients 	<p>Target to influence buy-side counterparts working at your firm's most profitable accounts (avoid investing time building relationships with clients that are not likely to add to your bottom line). These include:</p> <ul style="list-style-type: none"> Key counterpart at those firms deemed a "priority" by your firm Seasoned buy-side analysts who can provide a window into real-time buy-side market psychology
<p><u>P</u>repare to influence (2 of 3):</p> <ul style="list-style-type: none"> "What's in it for them?" (WIIFT) 	<p>Speak to your firm's salesperson to get the following answered before your first conversation with a new client:</p> <ul style="list-style-type: none"> Client's entire assigned universe of stocks Firm/fund characteristics (value, GARP, event-driven, etc.) Analyst's approach to research (detailed vs. big picture) Analyst's demeanor <p>(See details found in our QRC "<i>Know Your Client</i>")</p>
<p><u>P</u>repare to influence (3 of 3):</p> <ul style="list-style-type: none"> Self-awareness 	<p>Self-assess by honestly answering these questions (fix deficits where possible):</p> <ul style="list-style-type: none"> Are you an expert on the critical factors for this conversation? <ul style="list-style-type: none"> Ensure you know the critical factors for a stock Ensure your research meets the ENTER™ quality framework Do you have strong communication skills? Are you a good listener? (most people over-estimate their ability) Are you empathetic? Do you adapt well? Will you be credible to client?
<p><u>R</u>apport building</p>	<ul style="list-style-type: none"> Reach out to make the initial introduction (don't wait for a new client to call you) Show respect to the client even if he/she has less experience within the sector or fewer years as an analyst Build common bridges by mentioning the names of other individuals you work with or have worked with at the client's firm (but not in a boastful tone) Listen attentively -- at all costs, do not interrupt – it shows a lack of respect and may convey an over-sized ego. If clients want to speak, let them do 95% of the talking – it's all about them. Be confident (but not arrogant) by ensuring you know the topic when answering a question. (You are better to say "I'll need to get back to you" when answering a question than to provide an incorrect answer.) Offer to provide something to meet the client's needs (the "rule of reciprocity" may lead them to accept your calls more quickly) It may seem obvious, but always thank clients for spending time with you – they have alternatives
<p><u>A</u>sk about needs (WIIFT)</p>	<p>If you haven't already learned the client's "WIIFT" during your research in the "Prepare" step above, start this step by discovering it. Buy-side clients are often motivated to speak with sell-side analysts because they want:</p> <ul style="list-style-type: none"> Help identifying and forecasting critical factors as well as the associated risks and opportunities for the assigned universe of stocks Greater access to company management via the sell-side analyst To assess the market psychology about a stock (by asking sell-side analysts about conversations they're having with other buy-side clients) Association/friendship with a high-profile analyst in their sector

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<u>C</u> onform	<ul style="list-style-type: none"> • Think in their style of investing (if the client is at a value shop, think “value” before starting a conversation) • Embrace “their ways” by showing interest in something unique to their firm, personal background or geographic region • Match your presentation style with the client’s preference (formal vs. casual, cynical vs. open-minded, judicious vs. relaxed with time, loud vs. quiet, etc.) • Begin the discussion by asking questions to understand their perspective. When clients say something you disagree with, ask them to expand so you better understand before providing your view • Avoid using terms or jargon that the client may not understand
<u>T</u> rustworthy (build credibility)	<ul style="list-style-type: none"> • To illustrate your expertise, show or send the client your best thought-leading work (in advance of the first meeting/conversation if possible) • Be honest about capabilities and deliverables. (Say “I’ll need to get back to you” if you don’t have the answer to a question.) • Follow through on commitments to send follow-up info (take notes during meetings and then review afterwards) • Show the client you have thought about where you could be wrong • Treat everyone with respect (including the client’s assistant, receptionist, mailroom clerk, etc.)
<u>I</u> gnore distractions (external and internal)	<ul style="list-style-type: none"> • “Be in the moment” with the client by avoiding distractions such as emails, phone calls, texts, etc. (turn it all off or to “do not disturb” mode) • Ignore internal distractions such as mentally preparing to pitch an idea before the client has finished explaining his/her perspective or asking a question • When possible, choose a location conducive to a conversation and potentially a presentation. (A “lunch meeting” isn’t as good as it sounds if it’s in a crowded restaurant.)
<u>C</u> ommunicate persuasively	<ul style="list-style-type: none"> • Use a comforting tone, timing, pace and volume that will appeal to the client • Convey body language that shows you are interested in the conversation: <ul style="list-style-type: none"> ○ Good eye contact, posture and facing the other person ○ Smiling ○ Energetic ○ No crossed arms or legs ○ No scanning smartphone ○ Avoid skepticism in facial expressions and tone ○ Lean forward to show interest • Use metaphors, stories and analogies when conveying your views to help the client remember both you and your views • Link and build (i.e. start with one of the client’s strong views and build to yours) • Use visioning (i.e. vividly show how the future will look if your stock call plays out as expected) • Ask the client’s opinion on topics where it is warranted • Use these strategies which can be found in the QRC “<i>Utilizing Weapons of Influence for Equity Research</i>” <ul style="list-style-type: none"> ○ Reciprocation ○ Commitment and consistency ○ Social proof ○ Liking ○ Authority ○ Scarcity

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<u>E</u> nsure needs are met (WIIFT)	<ul style="list-style-type: none">• Satisfy all reasonable direct requests ASAP (e.g. send them information they requested)• Offer to invite key clients to special events that may help in their areas of interest• Ensure clients are receiving the desired information on their respective universe in a desired manner (e.g. via email, voicemail, personal calls, etc.)• Proactively reach out to clients when new insights are found on topics of interest (keep a database of client needs) and seek new areas of need• Offer to conduct bespoke research on a topic of interest if it will also help your franchise

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Exhibit 4: Influence Internal Portfolio Managers Using PRACTICE™

Step of PRACTICE™	Steps to Influence Others
<p><u>P</u>repare to influence (1 of 3):</p> <ul style="list-style-type: none"> Target the key decision makers 	<p>Target the PMs who likely have interest in the stock being discussed:</p> <ul style="list-style-type: none"> PM with authority to make final investment decision, responsible for a fund with an investment style suitable for the stock being recommended
<p><u>P</u>repare to influence (2 of 3):</p> <ul style="list-style-type: none"> “What’s in it for them?” (WIIFT) 	<p>Utilize internal colleagues to get these questions answered before your first conversation:</p> <ul style="list-style-type: none"> What is the PM’s mandate and style? Are there similar stocks currently in the portfolio? Has the stock been in the portfolio in the past – if so, why was it sold? Which portions of the portfolio have been performing the best/worst YTD or over the past 12 months?
<p><u>P</u>repare to influence (3 of 3):</p> <ul style="list-style-type: none"> Be self-aware of your strengths and weaknesses 	<p>Self-assess by honestly answering these questions (fix deficits where possible):</p> <ul style="list-style-type: none"> Are you an expert on the critical factors for this conversation? Do you have strong communication skills? Are you a good listener? (most people over-estimate their ability) Are you empathetic? Do you adapt well? Will you be credible to the PM?
<p><u>R</u>apport building</p>	<ul style="list-style-type: none"> Use every opportunity to get to know your firm’s PMs. The more you know, the faster you can influence. Show respect to the PM even if he/she asks basic questions about the sector or stock Compliment the PM on stocks that have performed well recently Listen attentively -- at all costs, do not interrupt – it shows a lack of respect and may convey an over-sized ego. If PMs want to speak, let them do 95% of the talking – it’s all about them. Be confident (but not arrogant) by ensuring you know the topic when answering a question. (You are better to say “I’ll need to get back to you” when answering a question than to provide an incorrect answer.) Offer to do more than requested for the PM such as following up on unanswered questions or scheduling a call with an information source (the “rule of reciprocity” may lead them to be more receptive to your future calls) Thank the PM for his/her time
<p><u>A</u>sk about needs (WIIFT)</p>	<p>If you haven’t already learned the PM’s “WIIFT” during your research in the “Prepare” step above, start this step by discovering it. PMs are often motivated to speak with their analysts because they need to know if a recommended stock will:</p> <ul style="list-style-type: none"> Act very similar or different than stocks already in the portfolio Add or reduce exposure to key themes Outperform the other stocks in the sector Look like an intelligent choice to the fund’s clients Unexpectedly blow up

Utilize this framework in our workshop: [Generate Differentiated Insights Through Better Discovery, Questioning and Influencing](#)

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<u>C</u> onform	<ul style="list-style-type: none"> • Think in their style of investing (if the PM manages a value fund, think “value” before starting a conversation) • Embrace “their ways” by showing interest in their investment performance (a great call or sector that’s doing well) • Match your presentation style with the PMs preference (formal vs. casual, cynical vs. open-minded, judicious vs. relaxed with time, loud vs. quiet, etc.) • Avoid using terms or jargon that the PM may not understand • If in-person, follow standards or customs expected by someone of their generation. (Even though you may not be required to wear a tie at work, you might want to have one on the day you meet with the PM.)
<u>T</u> rustworthy (build credibility)	<ul style="list-style-type: none"> • Research topics thoroughly before presenting to PMs. (They’re not looking for a guess or hunch, but rather better information than can be found in the general marketplace.) • Be honest about capabilities and deliverables. (Say “I’ll need to get back to you” if you don’t have the answer to a question.) • Follow through on commitments to get answers to questions (take notes during meetings and then review afterwards) • Show the PM you have thought about where you could be wrong • Treat everyone with respect (including the PM’s assistant, receptionist, etc.)
<u>I</u> gnore distractions (external and internal)	<ul style="list-style-type: none"> • “Be in the moment” with the PM by avoiding distractions such as emails, phone calls, texts, etc. (turn it all off or to “do not disturb” mode) • Ignore internal distractions such as mentally preparing to pitch an idea before the PM has finished addressing other concerns • If possible, choose a location conducive to a conversation and potentially a presentation. (The PM’s office is likely better than the trading floor or morning meeting room.)
<u>C</u> ommunicate persuasively	<ul style="list-style-type: none"> • Use a comforting tone, timing, pace and volume that will appeal to the PM • Convey body language that shows you are interested in the conversation: <ul style="list-style-type: none"> ○ Good eye contact, posture and facing the other person ○ Smiling ○ Energetic ○ No crossed arms or legs ○ No scanning smartphone ○ Avoid skepticism in facial expressions and tone ○ Lean forward to show interest • Use metaphors, stories and analogies to help the PM remember your views • Link and build (i.e. start with one of the PMs strong views and build to yours) • Use visioning (i.e. vividly show how the future will look if your stock call plays out as expected) • Ask the PM’s opinion on topics where it is warranted (e.g. “have you owned this stock in the past?”) • Use these strategies which can be found in the QRC “<i>Utilizing Weapons of Influence for Equity Research</i>” <ul style="list-style-type: none"> ○ Reciprocation ○ Commitment and consistency ○ Social proof ○ Liking ○ Authority ○ Scarcity

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<u>E</u> nsure needs are met (WIIFT)	<ul style="list-style-type: none">• Satisfy all reasonable direct requests immediately (e.g. follow-up with answers to their questions)• Ensure PMs are receiving the desired information on their favorite stocks in a timely manner• Proactively reach out to PMs when new insights are found on topics of interest, including those that may not directly impact your universe of stocks. (Think of the PM's "big picture" rather than just your universe of stocks.)