Advisor Guide

Advisory Conversations

Optimizing the Delivery of Advice

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Advice Beyond Investments

Providing advice to clients—beyond investment advice—is becoming a requirement for financial advisors. Although investment advice is important, it only covers a portion of your clients' overall personal and financial goal. What are the areas for which clients turn to their financial advisors for advice and guidance?

Purchases: Real estate, autos, collectibles, luxuries

Borrowing: Second mortgages, lines of credit, personal loans, refinancing debt

Gifting: Charities, family

Benefits: Employment-related, social security

Healthcare: Provider selection, care facility selection

Let's take a look at the types of advice you are providing to clients. List the types of advice you provide that are **not** investment related.

1.
2.
3.
4.
5.
6.

Over the past year has any client(s) asked you to provide advice on topics other than their investment portfolios, investment goals and objectives? If yes, please list.

1.
2.
3.
4.
5.
6.

Client Segmentation

Most—if not all—financial advisors have a segmentation strategy. However, segmentation strategies tend to be heavily weighted towards quantitative metrics (net worth, asset under management, profitability, etc.). In seeking new opportunities and a way to more efficiently service the needs of clients, financial advisors are shifting away from segmentation "by the numbers." A different way to segment is based on client need, age, demographic or goal.

Current Segmentation Strategy

List your current segments:

Segment	Segment Name
i.e. Tier 1	*"A"*

List the primary criteria used to determine your A, B and C clients:

Quantitative	Qualitative
i.e. Net worth	*Referral source*

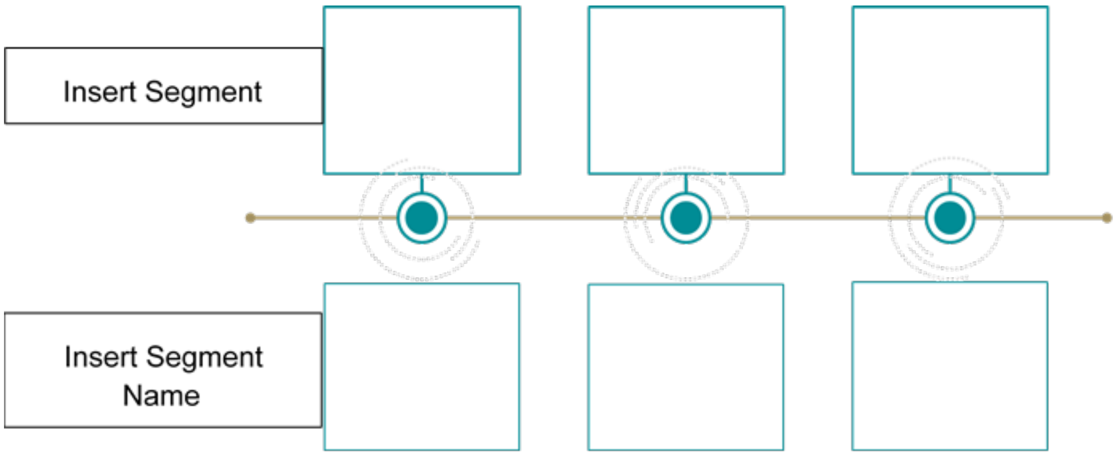
Use the space below to describe an "A" client:

Example

Segment	**Segment Name**	**Assets Under Management**	**Net Worth**	**Minimum Revenue**	**Referral Source**
i.e. Tier 1	*A*	*$1MM - $2MM*	*$5MM+*	*$20,000*	*High*

Re-Think Segmentation

Think about your current clients. How would you envision segmenting them using non-quantitative measures?



Service Model

Having a service model that aligns to your client segments allows financial advisors to provide a consistent client experience, increase productivity, deploy resources efficiently and scale their business more effectively.

When building your service model you should consider the following:

Building Your Advisory Services Model

Take a moment to think about all the advisory services you provide. How would you organize them into a service model that can be aligned to your client segments? Use the example below as a guide.

Segment A		Segment B		Segment C
• Budgeting • Expense Management • Debt Management • Goal Planning/Funding • Purchase Planning • Risk Management • Investment Management	+	• Retirement Planning • Life Insurance Planning • Eliminating Debt • Education Planning • Risk Management • Investment Management	+	• Long-Term Care Planning • Income Planning • Estate • Legacy Planning • Business Planning • Charitable Giving • Wealth Transfer • Wealth Preservation • Risk Management • Investment Management

List the advisory services you currently provide. Then assign them to one of the segments below.

Segment A	Segment B	Segment C
____________________	____________________	____________________
____________________	____________________	____________________
____________________	____________________	____________________
____________________	____________________	____________________
____________________	____________________	____________________
____________________	____________________	____________________

Client Engagement Levels

Today's most successful financial advisors have re-visited how they engage clients to see where improvements can be made. As their businesses have grown, the realization that you "can't be all things to all people" becomes more apparent. The way in which financial advisors engage clients has a ripple effect through their business. Client engagement impacts resources, profitability, scalability and productivity. While financial advisors want to provide their clients with the best experience, it does come at a cost. As financial advisors re-visit their client engagement model, they are coming to the conclusion that they need to have different levels of engagement based on the client's needs.

Creating Your Engagement Model

Think about the amount of time you spend engaging clients. Are you spending that time in the most efficient way? In some instances, are you finding yourself spending the same amount or more time with clients that are less significant to your bottom line? Creating an engagement model will put the necessary measures in place for you to optimize the time you spend with your clients.

Use the example below, create an engagement model for your firm.

Low	Moderate	High
	All of Level #1 plus…	All of Level #1 and #2 plus
• Bi-Annual Phone Review • On-line Account Access • Outsourced Investment Management • Monthly Newsletter	• Initial Consulting Meeting • Annual Financial Plan • Annual In-Person Review • Bi-Annual Review via Phone	• Bi-Annual In-Person Reviews • Quarterly Reviews via Phone • Comprehensive Financial Plan • Access to In-House Investment Management • Private Banking/Trust Services • Professional Network Access

Step 1. Determine the engagement levels you will offer

Step 2. Label each level

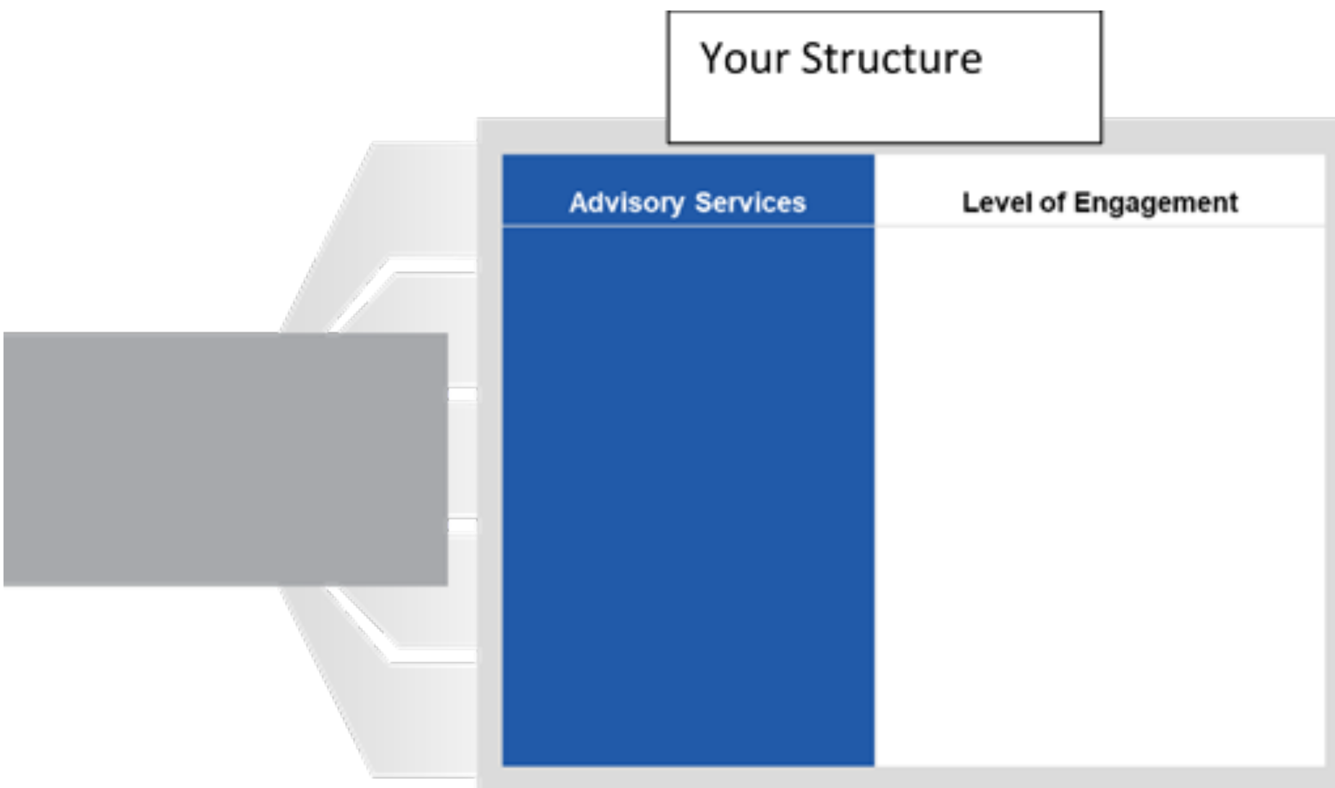
Step 3. Define each level by indicating what will be provided

	All of Level #1 plus…	All of Level #1 and #2 plus

Putting It All Together

Up to this point, we've covered re-thinking client segmentation, building a service model, and creating different levels of client engagement. Now, let's see the results of combining all three into a structure that will allow you to optimize the advisory conversations you have with clients.

Use the example below to build a structure for one of your client segments.



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