

The Loyalty Ladder

The Loyalty Ladder is at the heart of building long-term mutually beneficial relationships with our clients, getting referrals and of building a stronger business (and organization) for the future. The Loyalty Ladder has five major steps and all current and prospective clients sit on one of those steps.

Suspects

The initial step of the loyalty ladder is for Suspects (these are non-clients). Suspects currently don't have any interest or affinity towards working with you or the organization and are not actively seeking us out. We're likely not top of mind with these people today when they think of financial institutions. Part of the job of branding and advertising is to help generate consumer awareness and potential interest in our organization and our products and services.

Prospects

"Suspects" currently have no interest in our services. "Prospects" on the other hand, either through word of mouth, through advertising or other means have found a reason to investigate us and are motivated to find out a little more. They currently don't have any financial services with us, but they might check us out online or take some initial steps to inquire about what we do. At this stage in the ladder, something about us and our proposition has peaked their interest and ultimately, we want our phones to ring with inbound calls from this group of people.



Customers (Clients)

Once "Prospects" have been identified, we ultimately want to turn them into "Customers". "Customers" are those who have begun to engage their financial services with us and might have also begun to develop a good appreciation of our client-centric philosophy. This group of people has a baseline of experience with us.

Clients (Fully Engaged Clients)

There is a substantial difference between "Customers" and "Clients". "Customers" use us as part of their financial services provider relationship and place only some of their business with us. "Clients", on the other hand, work exclusively with us.

We don't want to stop at just gaining a "Customer". We have a responsibility to our "Customer" to ensure we effectively convey our full array of offerings so that we can propose the best possible financial solutions to meet their needs. We can't wait for our "Customers" to volunteer information about their needs. It might not occur to them that you could help them manage all their financial planning affairs.

You may have 200 relationships, but how many of them are completely and exclusively yours?

Advisors often face opportunity leakage. By becoming focused on sales and transactions, sometimes we do not maximize the full relationship opportunity. For example, a “Customer” who deposits a large amount and only has a savings account may end up spending the funds. This is opportunity leakage. A relationship you have with a “Client” will last long after they’ve spent that money, no matter how much it is. It’s the commitment of that person you should be focusing on. It’s the **lifetime value of that relationship** that will really be of value. If a “Client” stays with you forever, gives you every cent they have as their life unfolds, and trusts you implicitly to manage their financial planning, that’s what should get you excited.

Advocate (The Ultimate Clients)

“Clients” are not the top of the loyalty ladder. The value and durability of what you offer has less to do with how many “Clients” you have; it has more to do with how many “Advocates” you have. “Advocates” are fiercely loyal clients who empower you and **promote** your services to their family, friends and associates. All organizations have at least some advocates.

Consider the following:

What would happen to your business if you had 100 advocates?

You’d be on the verge of a breakthrough. “Advocates” will help identify “Prospects” for you, and will help you to convert them into “Customers” who are “Clients”. Then, by providing consistent personalized financial service and advice they will become “Advocates”. You can see how this cycle will become self-sustaining and create efficiencies in clients’ growth over time.

The Loyalty Ladder is a fundamental concept that drives many of the best practices. This philosophical approach emphasizes the importance of client-facing interactions and therefore focuses on “internal marketing”. This is very different from traditional ‘external marketing’ techniques.