PSA 5

Client Analysis

WHY is this important?

An important step in taking your key segments to the next level is to determine exactly how many clients you currently have in each client segment.

Only after analyzing your Client Analysis, can you begin to apply the appropriate service level for each of your client groups. This service strategy is designed with the purpose of increasing the number of your Ideal Clients.

WHO is this proven strategy designed for?

For those who want to have a clear vision of how their portfolio of clients is comprised today, so they can effectively allocate their time and setting up appropriate service standards for their clients.

MFIS who want a benchmarking tool to measure their future success.

FUN FACT:

One financial institution ran the numbers and determined that 10% of their clients generated 90% of the revenue!

WHAT should you expect?

You will:

- Clearly identify your high value clients so you can spend more time with and become more accountable to this important group of clients
- Attract more high value clients by actively focusing on this group of clients
- Identify mid-tier clients with potential who you can target to become high value clients using a methodical process covered later in this program
- Identify lower-tier clients who may be better served by VirtualWealth to make better use of your time
- Refer to “What You Can Expect from this Best Practice” on the following page for more

What You Can Expect from this Best Practice

PURPOSE

- To determine exactly how many relationships you have in each of the client segments
- To make you aware of your current client profiles and the impact it has on your current and future capacity
- To clearly identify your high value clients
- To use this information to make choices which grow your business through profit and progress – not simply volume of new clients

EXPECTED RESULTS

You will:

- Clearly identify your high value clients so you can spend more time with and become more accountable to this important group of clients
- Attract more high value clients by actively focusing on this group of clients
- Identify mid-tier clients with potential who you can target to become high value clients using a methodical process covered later in this program
- Identify lower-tier clients who may be better served by other financial representatives within the Credit Union to make better use of your time

ACCOUNTABILITY

You will:

- Review the segment assigned to each client assigned to you
- Benchmark your Client Analysis annually to assess your progress
- Introduce lower-tier clients to suitable representatives in the Credit Union to free up your capacity to bring on and serve more high value clients

Beware of the Middle Ground

Many people will pay a lot of money for a few items or services that are important to them without thinking twice. However, these same people will take an unreasonable amount of time to comparison shop for items such as toothpaste! Basically, the old saying about being “penny-wise and pound-foolish” has become an accepted reality. The implications of this new mindset are enormous to those of us who work in the financial industry. What it comes down to is this: North Americans will pay top dollar for the luxury items and services that matter the most to them. So, it is important to make sure we make our services matter and that they are viewed as important items in our clients’ lives.

The High End and the Low End will THRIVE

Those who have staked out the high end and the low end of the marketplace for their respective products or services will most certainly do well. The Rolexes and Porsches of the world will continue to have a steady stream of clients willing to pay top dollar for their products. Doctors are also getting into the act, no longer looking to be all things to all people, but rather being all things to some people.

Conversely, the WAL-Marts and COSTCOs of the world will continue to thrive as this same group looks for good deals on the various commodities of their lives. Where things start to get slippery is if you are a company or professional in the middle ground.

The Middle Ground Creates No Loyalty

When you are a middle-tier service provider it means that high-end consumers do not feel they are getting the exclusive service they want – because they aren’t – and you can’t realistically offer it because you are charging middle of the road prices. As a middle-tier service provider you also aren’t satisfying the group of low-end consumers who pursue low cost service solutions. So, the question becomes exactly who does the middle-tier service provider service and what exactly is their competitive advantage?

Financial Professionals need to foster a select group mentality, with their best clients not only to survive, but to THRIVE in this competitive industry. This program revolves around this exact approach and ties in with the trend discussed above: people are willing to pay for quality.

If our clients do not perceive you and the Credit Union as their indispensable financial representative and institution for life, and if they do not have that *select group* feeling, it is only a matter of time before they find someone and somewhere else that will offer those things to them.

Your clients are no different than you when it comes to the desire to simplify their life. It is easier to engage in one-stop-shopping with you and the Credit Union than it is to work with a variety of different service providers for banking, lending, savings, insurance and the like. The latter creates too much paperwork, details and people to remember and overall hassle-factor. If we deliver value as the go-to-provider for financial solutions, we don’t have to be the lowest cost provider. Clients will value and appreciate the service you provide.

Creating Scarcity:
How to Increase Demand for Your Services

Creating Scarcity: What Does that Mean?

In the business world, scarcity is the term used to describe a situation in which there is greater demand than supply for a product or service. Professionals who build quality relationships and who follow excellent systems for being accountable to their clients can create scarcity. The 'supply' of a professional is his or her availability. Your clients create 'demand' by requesting your time and services. Excess demand creates competition among your clients for your time.

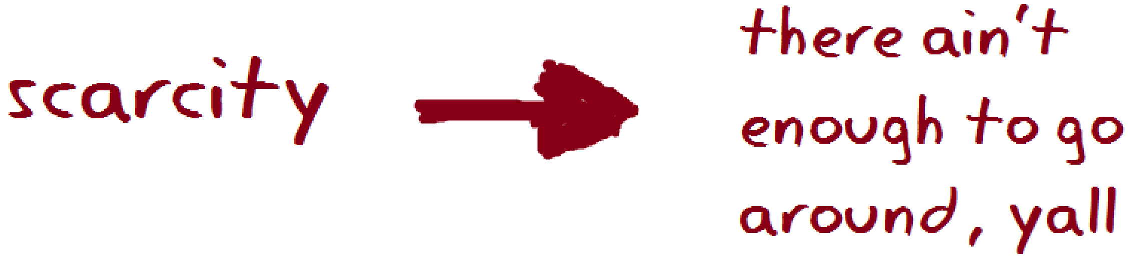
It is important to differentiate between the clients who 'deserve' to see you face-to-face and the ones who just 'need' you. Ensuring you have set the appropriate boundaries, so your skills are being used in a way that is aligned to your area of expertise, which in turn enhances your value as a Financial Professional.

Why Does Creating Scarcity Attract People?

Creating scarcity in your office limits your time to meet with clients face-to-face. When you schedule meetings within specific hours of business, it leaves you time for planning, organizing, and of course, enjoying why you chose this profession (remember the exercise we did on creating your Client Meeting Protocol?). The important thing to take note of here (and it is often a difficult concept to grasp at first) is that by doing this your business will increase. Why? You become seen as a professional who is obviously in demand. By design, you are spending your time with the people who deserve it the most and keeping them happy. The result: they are more apt to introduce you to their friends, family and colleagues.

Many of our clients are used to walking into our banking branches and meeting with someone as soon as possible (asap). Please remember that by design our branch staff clients are positioned to be 'order takers'. You are not obliged to provide the same 'immediate' service to your financial planning clients.

Only by adhering to these disciplines will you properly benefit from the inescapable business truism that states that 80% of your productivity comes from 20% of your activity. From there, you'll be pleasantly surprised to find, that by organizing your workweek and year this way, you will become far more productive.



7 Steps to Create Scarcity & Increase Demand for Your Services

1. Classify your clients. Assign the appropriate levels of service to each client segment.

2. Abide by the rules that you created when you classified your clients.

3. Establish office hours and communicate them to your clients. You are a professional and deserve the same courtesy as other professionals. If you make an exception to your office hours, be sure that your clients are aware that this is an exception to your usual practice.

4. Decide where you will meet your clients. To create scarcity, clients should visit you in your office. Only visit clients offsite in extraordinary circumstances and always check with your manager first.

5. Allocate a reasonable - but not excessive - amount of time for each appointment. One hour is ideal for most appointments and 30 to 45 minutes may be sufficient for follow-ups. When booking the appointment, tell the client or potential client how much time you have scheduled for them. If the appointment starts to exceed the time allowed, then end the appointment on time and schedule a follow-up appointment. Always end your appointments on time, even if you aren't scheduled for another appointment. How does it look to a client if you have the leisure to "chat" with them all afternoon? They are likely to wonder why you don't have anything else to do with your time. As well, by finishing on time you show respect for your client’s time.

6. Unscheduled Appointments – setting service expectations. Even if you are completing work for a client, you are, in a sense, spending time with them. For some Financial Professionals, the nature of your role is to take on walk in clients. However, if you have blocked off some time to complete paperwork or phone calls, make sure you try to stick to your plan.

   Unscheduled appointments can be disruptive, especially for those Financial Professionals who are appointment based. From time to time, there are circumstances when you need to meet with an unscheduled appointment. If you are making an exception by taking an unscheduled client, make sure you communicate your exception, so you are not setting an expectation of service. Always try to steer your clients towards booking appointments with you.

7. Determine suitability for new clients. Decide what type of client is suitable for your services and communicate these characteristics to your clients (ie. not all new clients introduced to you will be suited to see an MFIS). You will find that by communicating your area of expertise and services, you will raise the quality of introductions you will receive. In fact, your clients will generally introduce you to prospects that exceed your criteria.

Like Attracts Like and the Rule of 52

Like Attracts Like

Think about the people you regularly spend time with. Like most of us, much of your time is probably spent with colleagues at work, with family clients at home, and in free time with friends and acquaintances. If you were to review the general traits of these people, you would notice that they have one thing in common: they are, for the most part, like you. Obviously, these groups of people are not identical to you. However, many common threads keep you interested in one another. You may share values, interests, professions, incomes, even the areas where you live. As the saying goes, "like attracts like."

This observation is important to your business. If you spend your free time with people similar, then your clients probably do the same. And this fact will help you to attract ideal potential clients. Your favourite clients have friends and families who behave and think in a similar manner to them.

If you offer an exceptional client service to your ideal clients, they will become advocates for you. Then, when their friends are not satisfied with their current Financial Professionals and are seeking someone new, your advocate clients will recommend you.

The Rule of 52

It is commonly believed that each person has an inner circle of 52 people with whom they have influence, spend time and know well. In other words, your clients have 52 people who they could easily persuade to call upon you.

Most business services that people use have been selected based on the recommendation of a friend, family client or colleague. Everyone from Financial Professionals, accountants, mechanics, dentists, doctors, hairstylists and chiropractors may have been introduced because of the "circle of 52". These business professionals never had to call to persuade people to use their services. All that was needed to convince them was a trusted friend. If the service was good enough for their good friend, it has certainly lived up to the "circle of 52's" standards as well.

It's also crucial that you demystify the services you provide by describing them in layman's terms, enabling your clients to relay this information back to their "inner circle". If you have already worked hard to make a big impression on your ideal clients, there is no doubt that you can attract a steady stream of qualified introductions.

The CUSO Wealth Continuum

The MFIS Role was created to manage the **Intermediate Accumulator** which is at the centre of the CUSO Wealth Continuum.

This means you will be central to directing clients who become **Advanced Accumulators** to a Financial Planner where they are best served, and you will also be directing the **Beginning Accumulators** to the VirtualWealth Solution. You will have a process in place to continually monitor your VirtualWealth clients so that when the time is right for them to begin working with you, you can initiate that transition.

The informational piece below will help clients understand the concept of the Wealth Continuum and how they will be served best within your organization. This resource is available to all MFIS and is intended to help you effectively understand and communicate the Wealth Continuum to your clients and prospective clients. This resource will be discussed in great detail in Client Onboarding.

The Wealth Continuum

BEGINNING ACCUMULATOR

These individuals are starting to save for the first time or are within the first few years of saving. They need a simple online saving & investment solution.

What They are THINKING?

Retirement may be a long way off and they are more focused on day-to-day living, housing, education & career development, emergency funds and travel. They are foremost looking to create financial stability, but also want to initiate a plan to start saving.

This is step one of creating future financial stability & prosperity.

INTERMEDIATE ACCUMULATOR

These individuals have been committed to saving for several years now and have seen their assets accumulate and grow, which is exciting. They are at a place in their financial lifecycle where they may want to begin working with an In Branch Advisor.

What They are THINKING?

Retirement may be getting closer, but they aren't planning any parties soon. They have achieved a level of financial stability and are looking to ensure their future financial prosperity by saving even more!

This is step two where you've achieved financial stability and are committed to achieving future prosperity.

ADVANCED ACCUMULATOR

These individuals have been accumulating for many, many years now and they feel great about what they've achieved. They are at a place in their financial life cycle where they should be working with a Certified Financial Planner to ensure they thoughtfully consider and carefully discuss the best way forward.

What They are THINKING?

Retirement may be right around the corner and they may find themselves wondering how exactly they be living off their accumulated savings. They are focused on preserving wealth and understanding what retirement means to their current lifestyle. They may also be thinking about other important issues related to their insurance, tax and estate planning needs.

Welcome to achieving financial stability and prosperity – enjoy!

TAKE ACTION & GET STARTED

Part 1 – Client Analysis

1. **Print a copy of the *Client Analysis Worksheet*.**
2. **Access the information necessary to be able to complete it in the most efficient manner.**
    - You will notice this worksheet if based on 'household' or 'relationships' not individual client accounts. Some house-holding work may be necessary before you can proceed.
3. **Complete the *Client Analysis Worksheet* to account for all the clients that you are responsible for managing.**
4. **List the total revenue generated by each client group, the number of households in each client group, and the assets represented by each client group.**
    - Complete with the level of detail you have available.
5. **Typically, you will discover that 20% of your client generate 80% of your annual income. Ask yourself:**
    - Do the clients who generate 80% of my income deserve 80% of my time?
    - What is the average revenue income per client per classification group?
6. **Make any adjustments that are required to your Ideal Client, Knock-Out Factors and Client Segmentation System.**

Part 2 – Client Action

1. **Once you are satisfied with your segmentation break down, code your clients in your contact manager. The method for coding your clients will vary from one database to another.**
    - A field should be used to register each client's segmentation.
    - Once this description is completed, you have a visual and digital reference for exactly what each client represents to you and the organization.
2. **If applicable, plan a client realignment strategy for those who could be better served by another option on the wealth continuum.**
    - Check to see if there is a process in place to do so and if so, follow the process.
    - If there is no process in place, make sure it is a well-defined, professional and respectful introduction to the other representative.

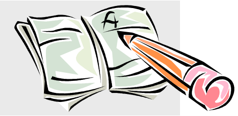
    If a transfer strategy is not appropriate, plan how you will deal with over-demanding and low value clients.
3. **We will help you use this information to determine exactly what services you are going to provide to your clients, and when you will provide them in Proven Strategy 7.**

We recommend you update the ***Client Analysis Worksheet*** annually to measure and assess your progress. Set a recurring reminder in your organizer now.

Special Instructions for MFIS

Typically, the high value clients are identified as "A" level clients. However, by virtue of your role as an MFIS we realize this identification will not be meaningful or inspiring to you because it won't allow you to move forward with the spirit of client excellence, we want you to embrace. Therefore, we want you to accurately identify your top 20-25 clients because these are your VIPs and you will have some exciting opportunities to deliver service excellence to them.

Client Analysis Worksheet



You will be required to complete the ***Client Analysis Worksheet*** based on the Client Segmentation framework you have created.

CUSO Proven Strategies Advantage

Client Analysis Worksheet - Year 1

1. Complete this worksheet by filling in the blue fields below.
2. All other calculations will be done automatically.
3. Carefully review this information.

Note: Average income is estimated using 75 basis points.

Client Classification	Households per Group	% of Total	TOTAL Assets per Group	% of Total	Average AUM	Total Income (Estimated)	Average Income (Estimated)	Description:
AAA	Financial Planner		N/A					$500,000 + Attitude + Advocacy
AA	Financial Planner		N/A					$500,000 + Attitude
A	Financial Planner		N/A					$500,000
AF	Financial Planner		N/A					Family of "A" Clients
AS	1	20%	$1	20%	$1	$0	$0	Staff of the Organization
B	Financial Planner		N/A					$250,000 - $499,999
CA	1	20%	$1	20%	$1	$0	$0	MFIS Top 25
C	1	20%	$1	20%	$1	$0	$0	$100,000 - $249,999
D	1	20%	$1	20%	$1	$0	$0	$50,000 - $99,999
DW	1	20%	$1	20%	$1	$0	$0	Under $50,000
TOTAL	**5**	**100%**	**$5**	**100%**	**$5**	**$0**	**$0**	
	Total Relationships		**Total Assets**		**Average AUM per relationship**	**Total Revenue**	**Average Revenue**	