

Playing the 80/20 Odds

Like most financial professionals, you are probably familiar with the 80/20 Rule. That's the rule that asserts that 80% of the income is derived from roughly 20% of the clients. But did you know that there are other versions of the 80/20 rule as well? If we spend time mastering the nuances of these three rules, we will end up with a predictable, sustainable and duplicable organization.

80/20 Rule #1: Assets & Income

If we don't spend 80% of our time on the top 20% of our clients: we are doing this elite group a gross disservice. Any group that pays 80% of the 'freight' deserves 80% of the time and attention. By looking after your top clients, you look after 80% of the income, which ensures that you and our organization stay strong.

80/20 Rule #2: Lifetime Value of a Client

A new client is a reason to celebrate. However, it is important to remember the second application of the 80/20 rule which states; signing a new client brings you only 20% of the lifetime value of that client. The other 80% of the client's lifetime value comes from the steady stream of quality introductions they can provide to you over the lifetime of the relationship.

Of course, you will only earn these introductions if you nurture the client properly. But this is where the 80/20 rule works for you, because for you, most of your efforts in acquiring a new client are invested up front in creating the relationship and conveying the process, which means it's easier (and more enjoyable) to maintain this relationship over the long run. Compare this to the traditional 'sales' approach where there is little or no effort put into creating the client relationship at the outset, which essentially means the financial professional has to expend a considerable amount of time and effort 're-selling' the client every time they come in. In our approach, the client is buying into the process and approach – not simply buying a product or service. However, here's the catch: You need to make the client feel like they are part of an 'exclusive club' because of your extremely high level of service, and furthermore, the service must be consistent.

In addition, the client must be repeatedly exposed to a dedicated Introduction Process that explains how our Introduction Process works, and this process must convey a benefit to the client. Without the Introduction Process, you won't achieve your goal because even if your clients want to recommend you, they may not know how to. The Introduction Process will be covered in another Proven Strategy.

80/20 Rule #3: Productivity

On average, most people accomplish 80% of their work in 20% of the time they spend at work. However, you can use this fact to your advantage. If you take the time to schedule your time, to map out your year, your week, and even your day, you will account for each hour. And you will have the means and the incentive to make the best use of your work time – and of your non-work time. Have you ever noticed how productive you are a few days before you go on holiday? If you schedule time to do the things you want to do, then you will accomplish what you need to in less time.