

Developing Clients For Life

Can you even describe or, better yet, identify them?

By Leo Pusateri

Editor's Note: In his last column, [January 2003], Leo Pusateri discussed the fourth step on his Value Ladder: How Do You Do What You Do? This month he takes you through the fifth step of discovering your value by helping you identify your key clients and learning how to articulate to prospects your successes with them.

The Value Ladder's fifth step, "Who Have You Done it For?" helps you in two important ways: First, to understand—on a much deeper level—who your clients really are, whether you enjoy working with them, and whether they have a true appreciation of your value and process. Second, how to translate and articulate to prospects who these clients are and how you have successfully aligned your interests with theirs to provide solutions.

Precisely whom you do business with is, of course, a private matter between you and your clients. Sharing the specifics of a client's personal situation is not something you would do, but you can use former and current client successes in your favor. How? Consider describing clients to your current prospects in terms of market segments as high-net-worth individuals, corporate executives, small-business owners, physicians, foundations, endowments or corporate treasurers of 401(k) plans. That way you will not be divulging any confidential information, and you protect your current client relationships. This will not reduce your ability to articulate with confidence your solutions and the real value you added in each situation.

But let's go back to the statement I made above about understanding who your clients really are and whether or not you truly enjoy working with them. This is an introspective process that is vital to go through. After the exercise, you will be richer for the personal experience, have a deeper knowledge of the types of individuals with whom you want to align yourself, and find it easier to answer the fifth question on the Value

Ladder with confidence, passion and speed.

Client Evaluation Process

First, think about the key people who help "pay your bills" and allow you to live a comfortable life with your family. These people, of course, are your clients. Take a few minutes now to reflect on the successes you have had with them.



Scott, a financial advisor, and I had a meaningful discussion about his clients. I asked Scott who was his ideal client, and with whom did he really enjoy working? I said, "Who, if you could multiply this client by 100, would give you the ultimate client base for your practice? Can you describe the successes you have had with this client?"

I wish I'd had a digital camera to capture the look on his face, because it was that of a pained successful practitioner who was speechless. "I just don't know," he said. "That's the problem. It's the key issue hold-

ing back my practice. Who do we deliver our unique value proposition, business beliefs and process to? Who should we be telling our compelling story of value to in the future? What is the process we should use to develop clients for life?"

Step 5 of the value ladder helped Scott answer his own questions. Below are some tools to help you begin to analyze your own client successes.

The Tools

I have two great tools I'll share with you: "Individual Client Analysis" and "Market Segment Analysis." The first focuses on individual clients, and the second focuses on specific target markets.

Individual Client Analysis includes four key elements:

1. Who are your individual clients?
2. What are their key emotional issues?
3. What are the solutions for these issues?

4. What is the value you provide?

This is a great exercise for you. I suggest you make a Market Chart and a Client Chart for yourself, each with four columns across the top. Write the names of your top clients in the first column on the Client chart, and some of your target markets on the Market chart, also in the first column.

The second column on both charts is Key Emotional Issues, a critical area to study. Why? Because the best way to learn how to sell is to first understand what it is like to buy. How well do you really understand your clients' emotions? The more you can relate to your clients' emotions, the better you can emotionally connect with them.

Your clients and prospects all have key emotions, which can be viewed in seven key categories:

- 1. Challenge:** Things that inhibit the client from achieving goals. Example: "Market volatility is challenging our ability to meet our long-term portfolio needs."
- 2. Circumstances:** A situation that accompanies an event. Example: "My

wife's father is seriously ill and in need of personal in-home care."

- 3. Concerns:** Issues of interest or importance. Example: "She may have to quit her job."
- 4. Frustration:** Issues causing the client to feel disappointed or unfulfilled. Example: "We just never seem to get ahead. There is always something holding us back."
- 5. Needs:** What the client wants or requires. Example: "Our children will be entering college over the next two years. We need funds for tuition and maybe for Dad's care."
- 6. Opportunities:** Situations favorable to the attainment of a goal. Example: "We just won \$20,000 in the Lotto," or "We may be inheriting money from an estate."
- 7. Problems:** Questions raised out of concern or doubt. Example: "Will I lose my money on the stock I bought two years ago?"

The best way to understand your clients' emotions is, first, to understand your own. For instance, you might be in

an emotional situation where you realize one of your challenges (No. 1) is that you are so busy managing the growth of your practice that you don't have time to leverage and annuitize more.

Remember, understanding your own emotions first tends to improve your empathic listening skills. Instead of simply hearing your prospects, you actually listen and understand better. You acknowledge with respect, and your connection to that person strengthens dramatically.

Try the exercise for yourself. List your own answers to your personal and business emotions. Then think of some of your top clients to determine how well you've emotionally connected to them. Are you as successful as you thought you were?

Next, column three on both charts should list the solutions you deliver. The solutions could be related to wealth management, tax planning or financial planning, for instance.

When you start thinking in terms of solutions, then you also begin thinking in more comprehensive, consultative terms. You're also thinking about being a prob-

Clients for a Lifetime

Remember how Scott asked earlier how he and his team could develop clients for a lifetime? This is easy if you create a system and take some time to "work" the system.

I've developed an exercise to help you evaluate your client successes. It's time to create another chart.

I suggest you start with your Top 10 clients and then extend it to your Top 25, then Top 50 and ultimately to your Top 100 clients. Your first column should show Rank. You can rank your top clients by assets under management or by category: insurance, tax, audit, financial planning, etc. List the percentage of your client's business in the area of expertise.

List Revenue as your next column. I prefer this approach for ranking purposes. Some advisors actually go deeper with profitability analysis. Remember, the deeper you can go, the better for analyzing client successes.

The next column is unbelievably revealing—Estimated Lifetime Value (ELV)—and I'd like to illustrate how the analysis works by using a dialogue I had with Scott last year. It went something like this:

"So, Scott, how long will you be in this business? 25 years? Great! Let's call your client Mr. Ideal. You are managing \$1 million in assets, you have 100% of his assets under management, and you earn \$10,000 a year in fees from this relationship. So, what will Mr. Ideal be worth to you over the next 25 years?"

Said Scott, "25 years x \$10,000—let's see, that will be about \$250,000."

I said, "No, not exactly, Scott. How else can Mr. Ideal grow with you? Give me five ways. Appreciation? Good, that's one. Capital additions, good that's two. Intergenerational wealth transference? Good that's three. Referrals, that's four."

Scott said, "That's it, I guess."

I responded, "No, Scott, there's one more. With an improved Unique Value Proposition (UVP) supported by tight business beliefs, a unique and comprehensive process, you may consider raising your fees at some point. Your new message of value should be greatly appreciated by your clients. "Remember, Scott, if you're not providing any value but are getting paid, that's thievery; if you are providing value but not getting paid, that's philanthropy. If you are providing value and getting paid, well, Scott, that's what it's like to be a financial advisor in this new millennium."

Then I added, "You'll realize that pricing your value can only be accomplished if you know your value. So, what is Mr. Ideal really worth? Twenty-five more years in the business, \$10,000 plus a year in revenues, add on the estimated lifetime value and what do you have? Close to \$2,500,000 plus to your career over the next 25 years."

Take a look at your chart again, as a last column you could add a Retention factor. Rate Mr. Ideal in terms of retaining his long-term business. A 1.0 rating means you are 100% certain that his assets are staying with you. He is "in the safe."

lem-solver to your clients, which would be another value-added component in your differentiation. Are your solutions truly comprehensive? Are they integrated? Personalized? Customized?

Last, column four is real value. What is your real value? This area helps ensure that your real value is realized. So, think about your clients, their emotions, the issues with which they are struggling and the solutions you have or are providing, and write them down. Note: when you reach the seventh step on the value ladder, you'll have more insight on the value you provide your clients and prospects, and you'll be better equipped to fill out the real value area.

As I mentioned earlier, thinking about your clients and their issues is an introspective process that will aid you in determining not only who is your ideal client, but also what is your real value. The charts will help you visualize this and help it become real.

What Would They Say?

If your best prospect asked you for a few referrals, which clients would you have him or her call? Are these clients part of your top ten list? Are they key clients? What questions about you and your company do

you think your prospect might ask?

If I were to call some of your best clients, I would ask them the following key questions:

1. How long have you been working with your advisor?
2. What, specifically, is he or she doing for you?
3. Why did you decide to do business with your advisor?
4. Can you tell me the process you went through to make your decision?
5. Who else did you consider?
6. What do you value most about your advisor?
7. Do you trust your advisor?
8. What is the real value your advisor provides?

Many times your clients will answer that they have emotionally and intellectually connected with you, and that's what you want to hear. You can never do too much introspection on your key clients. Existing clients are sources of more assets and are templates for prospective clients.


To Sum Up

With all of this in mind, you see how important it is to understand who your covet-

ed clients are, and more important, to understand the successes you have had with them. Only then can you begin to share the answers to, "Who Have You Done it For?" with confidence, passion and speed.

The strategic implications of this question allow you to focus on the client. You will consider who they are, who they should be, what are their priorities. It will force you to think about your specialization and if it is well-suited to your current client base. You also can focus on how your clients will measure your success.

Regardless of how well you answer Value Ladder steps 1 through 4, clients want to know whether you have helped others like them. Have you delivered your unique value? Have you put your business beliefs into practice? Has your process led to success? Developing a polished, considered answer to "Who Have You Done It For?" is critical to building a powerful Value Ladder.

I'll see you in May, and we'll discuss the sixth step on the Value Ladder, "What Makes You Different?" 

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