



Defining and Communicating Your Value

2016 TRENDS IN PRACTICE MANAGEMENT WHITEPAPER

An Action Plan

DEFINING AND COMMUNICATING YOUR VALUE

Introduction

This whitepaper is all about the value you provide and how you take action to communicate that value in a way that sets you apart. It's part of a series of tactical whitepapers, each of which draws on input from financial planners and advisers across the country and the ongoing research of the FPA Research and Practice Institute™.

A detailed quantitative report – **2016 Trends in Practice Management: Understanding and Driving Client Value** – was published in February 2016 and is now available. This is the first of three whitepapers that will focus on defining, driving and leveraging your value. During the next few months, you'll be better able to answer three important questions:

	CRITICAL QUESTION	WHITEPAPER PUB DATE
✓	How do you define and communicate your value in a way that sets you apart?	February 2016
✓	What internal processes and structures need to be in place to support you in delivering value consistently and profitably?	March 2016
✓	How and when are advisers monetizing the value they have created?	April 2016

Each whitepaper incorporates feedback from 706 respondents from across the country and across channels, including both FPA members and non members. Participants responded to an online survey conducted in November 2015. A comprehensive participant profile can be found in the **main quantitative report**.

DEFINING AND COMMUNICATING YOUR VALUE

Getting to Grips with Adviser Value

On the following pages, we'll share input from your peers that highlights both how they perceive and communicate value, along with data on client perception of value. The whitepaper is structured to highlight three key objectives, each of which tie to three key questions and a set of tactics, all summarized in the table to the right.



OBJECTIVE	KEY QUESTION	TACTICS
Understand your value	What sets you apart?	Differentiate <ul style="list-style-type: none">• Define your ideal client• Clearly define the elements of value you provide to your ideal client
Create your value	How do clients experience value?	Co-Create <ul style="list-style-type: none">• Gather feedback• Partner on agenda-setting
Broadcast your value	How do you articulate your value?	Communicate <ul style="list-style-type: none">• Articulate your value through the eyes of the client• Audit your business to ensure that value is reflected in all aspects• Reinforce value with your clients on an ongoing basis





DEFINING AND COMMUNICATING YOUR VALUE

The Question: What Set's You Apart?

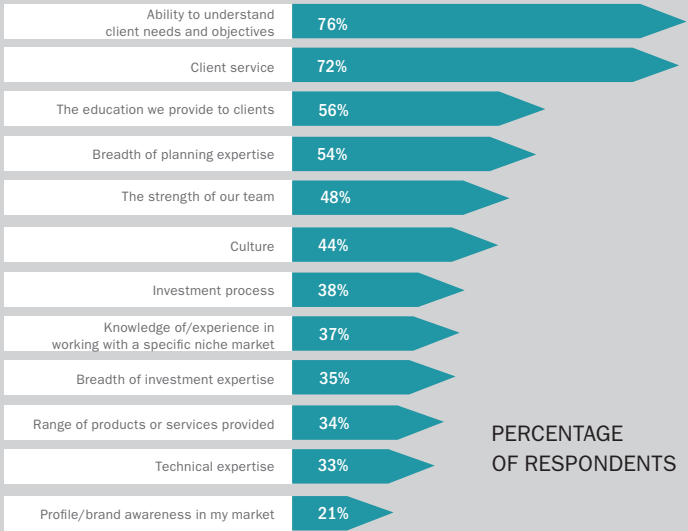
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One of the obvious challenges associated with defining and communicating your value is doing so in a way that sets you apart from other advisers. That process begins with self-reflection, examining what is important to clients, what you consider your unique abilities and how you believe you are perceived today.

In the study, advisers were asked what they felt set them apart from their peers. The responses provide interesting insight into what advisers feel they do better than others; however, the convergence around two key attributes highlights the problem that is inherent in the question. If nearly three quarters of advisers select the same two attributes, can they truly be differentiators? A significant majority of respondents feel they are differentiated on the basis of their ability to understand client needs and objectives and their client service.

QUESTION: Which, if any, of the following do you feel sets you apart from other advisers? Please select only those items that you think differentiates your business from others.

WHAT SETS YOU APART FROM OTHER ADVISERS?



Further, we find that advisers generally believe that their clients are aware that they excel in these areas, relative to other advisers.

QUESTION: To what extent do you think clients are aware that you excel in the following areas, relative to other advisers/firms?

POINT OF DIFFERENTIATION	PERCENT OF ADVISERS WHO SAY CLIENTS ARE 'HIGHLY AWARE'
Client service	55%
Ability to understand client needs and objectives	54%
Breadth of investment expertise	48%
Technical expertise	48%
The education we provide to clients	44%
The strength of our team	43%
Breadth of planning expertise	43%
Culture	42%
Knowledge of/experience in working with a specific niche market	40%
Investment process	36%
Profile/brand awareness in my market	36%
Range of products or services provided	27%

Take Action: Differentiate

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When it comes to understanding your value, the tactical focus is differentiation. You need to understand the value you deliver and if and how that compares to other advisers and to client perception of value. True differentiation typically starts with clarity around your ideal client, because the needs of those clients will influence how you define and drive value. For perspective, 38 percent of advisers say they have a formal definition of their ideal client, and 55 percent say that while they do not have a formal definition, they have a general idea of their ideal client. About a third of advisers say that 75 percent or more of their clients meet that definition. It's less than half for 26 percent of advisers.

In each section we've provided a set of actions you can take. You'll also find a full summary of all actions on Page 16.



1. Define your ideal client

While your goal is to provide outstanding service to all clients, you cannot be all things to all people. Your value is, therefore, defined by the needs and objectives of your most important clients. To help you differentiate yourself, start with a definition of your ideal client that reflects the kind of clients who energize you and for whom you can do your best work. Your definition may include some of the following:

- Scope of work (e.g. financial planning vs. investment management)
- Niche (e.g. business owners)
- Age (e.g. millennials)

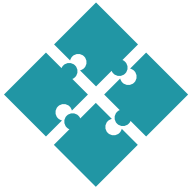
Typically the only time you need to include segmentation factors (e.g. household assets) in your definition of the ideal client is if that factor impacts the kind of work you do for the client. For example, working with ultra-high-net-worth clients may be part of an ideal client definition because your offer is tied to the level of financial complexity. However, having a minimum of \$250k, for example, is not necessarily part of your ideal client; rather it's part of how you assess if you will work with a client. There is a difference between your ideal client and your client acceptance criteria.



Once you have identified your ideal client, isolate the clients that fit that definition in your business today. Reach out to those specific clients to gather input on their perception of the value you provide and/or awareness of the things you believe constitute the value you provide. Qualitative feedback may be most useful for this kind of feedback, so consider client interviews as a primary way to gather input.



With your ideal client defined and input from those clients in hand, review and confirm the things you do that add the most value and clearly set you apart from other advisers. A simple list will suffice at this point. On the next page we'll examine client perception before crafting a more formal definition of your value.



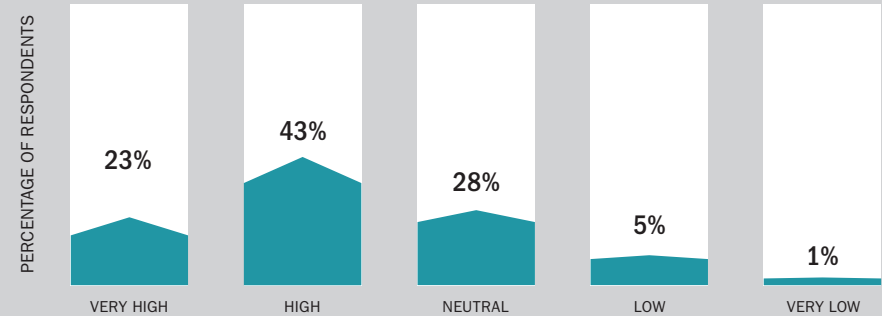
DEFINING AND COMMUNICATING YOUR VALUE

The Question: How do Clients Experience Value?

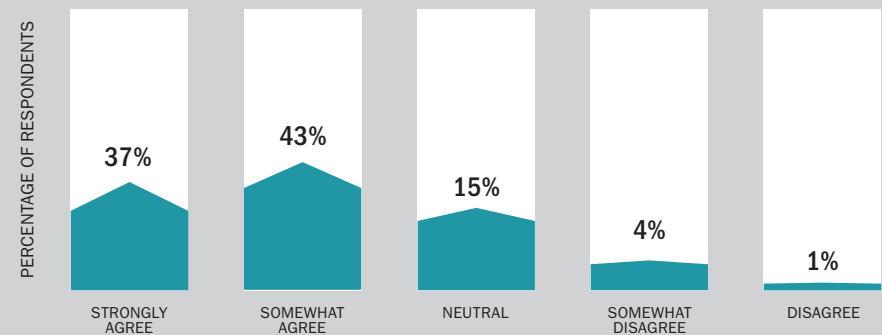
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When we talk about value, we often focus on what clients are experiencing rather than what prospects might perceive, which may be a good approach given the critical importance of our existing client relationships. While many advisers believe that clients can clearly understand what sets them apart, it is less clear if clients fully appreciate the value that is being delivered. Clients are satisfied and they are loyal. However, the data related to perceived value – according to investor research conducted by AbsoluteEngagement.com in 2015 with over 1,000 investors – is less positive.

QUESTION: How would you describe the value that you receive from your primary adviser, relative to the fees paid?

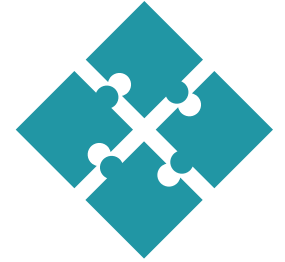


QUESTION: To what extent do you agree or disagree that your primary adviser adds value above and beyond market performance?



Take Action: Co-Create

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There has been significant research into the concept of value as being experiential or co-created. That is, value is not only what you provide to your clients but is something that is created together. In order to change the perception of value, you may want to consider if and how you are actively involving your clients on both the definition and execution of value.



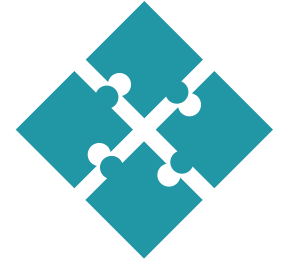
1. Gather feedback from clients

One of the best ways to co-create value is to ensure that you are gathering feedback from clients on an ongoing basis. In the previous set of action items, we examined the use of qualitative feedback to help you understand what is most important to your ideal clients. You can also use ongoing quantitative feedback to help you co-create value with clients, because it will highlight what they need and expect.

A client survey, conducted every 12-18 months, is one way to ensure that clients are actively involved in shaping the service they receive. You might also keep the conversation going between surveys with simple polls or mini-surveys with two or three questions. Your polls could focus on an issue in the news or examine issues that might be interesting to share with your clients. For example, ask clients how effectively they feel they communicate about money with their spouse, and share the results as part of an article with tips on improving communication. Or use the feedback as a launch pad for a deeper conversation on the issue with individual clients. Polls can be easily and simply executed with tools such as www.surveymonkey.com. Broader client surveys likely will involve working with an outside expert to ensure they are done well and are actionable.

Take Action: Co-Create

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2. Partner on agenda setting

You may also want to consider other ways to actively involve the client in contributing to the value they experience. Client reviews offer a good opportunity to co-create by involving clients in setting the agenda for the meeting. There are a range of options with increasing effectiveness. At the simplest level you could simply ask clients if they have anything to add to the agenda at the outset of the meeting. Taking it further you could send an agenda in advance and then follow up to give them time to consider if there is anything they may want to add to the agenda. Finally, you could send clients a simple question to tease out their concerns and use that to inform the agenda. For example, you might ask them to rate a list of issues based on their level of concern or list several issues in the media and ask which, if any, are on their minds.



DEFINING AND COMMUNICATING YOUR VALUE

The Question: How do You Articulate Your Value?

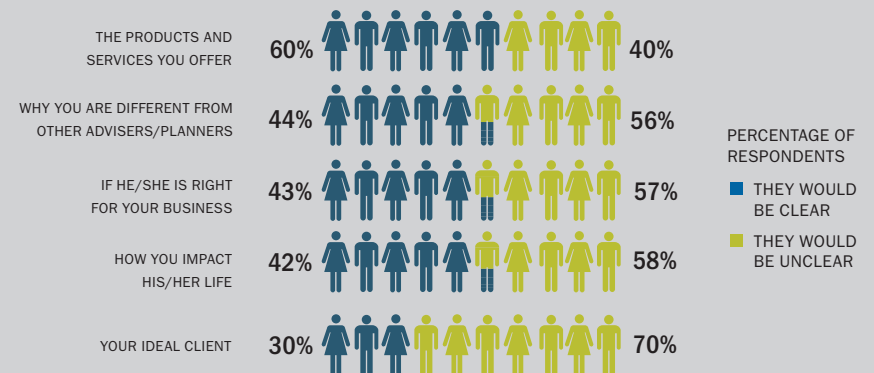
1 OF 6

While advisers seem confident that their clients know they are delivering unique value, the situation changes dramatically when we switch to prospective clients. Clients are in the position of having experienced the impact of what you do and should, by extension, recognize and appreciate the value you provide. If that value cannot be effectively communicated to prospects, however, growth plans will be negatively affected.

Your website is a good place to start when it comes to effective communication of value. While advisers generally felt prospective clients would understand the products and services available if they visited their site, far fewer felt those same clients could understand the value of what they provide and for whom.

QUESTION: If a prospective client came to your website, to what extent do you think he or she would be able to understand the following?

WEBSITE INFORMATION PERCEIVED



There appear to be significant gaps with respect to adviser perception of the value they deliver, client perception of that value and the extent to which value is clearly communicated to prospective clients. Because we know the value that advisers provide is generally high, it seems likely this is an issue of communication. To understand the issue more clearly, we asked respondents about how they communicate their value today.

To begin, we found that 78 percent of advisers had crafted some statement that defined his or her value, whether that was described as a value proposition, mission statement or elevator pitch. It is worth noting that several advisers felt that 'canned' expressions of value were ineffective; they sought clarity and authenticity over the elevator pitch.



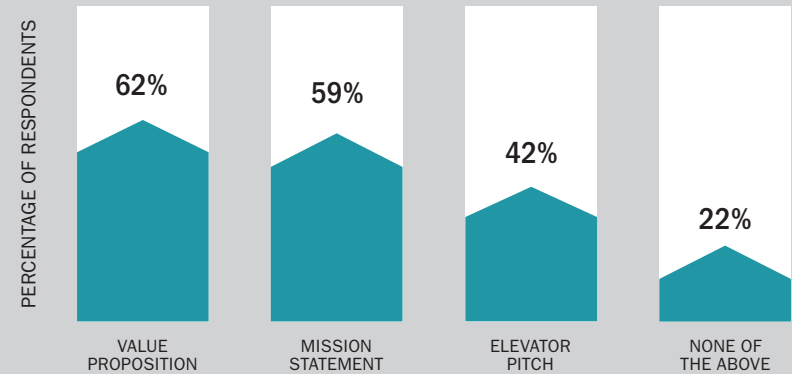
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The Question: How do You Articulate Your Value?

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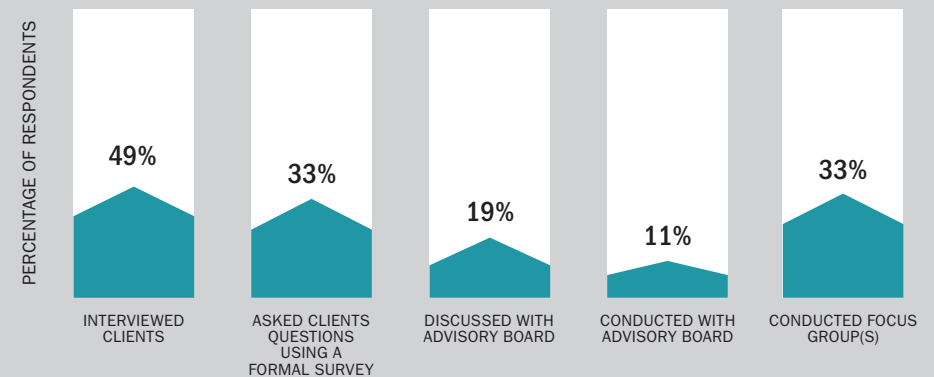
QUESTION:

Which of the following have you formally defined?



Two-thirds of advisers tapped into the insights of their clients to understand and articulate their value, with nearly half saying they had interviewed clients either formally or informally.

QUESTION: Which of the following have you done to help you understand or articulate value?





DEFINING AND COMMUNICATING YOUR VALUE

The Question: How do You Articulate Your Value?

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As part of the research, we gathered close to 500 statements of value from advisers. A review of those statements suggests that advisers generally fall into one of five categories when describing the work that they do. Three of those categories focus on the role of the adviser, one on the outcomes and one on the work being done.



THE EXPERT.

Highlights technical expertise to build adviser credibility



THE GUIDE.

Highlights adviser role in guiding the client toward financial independence



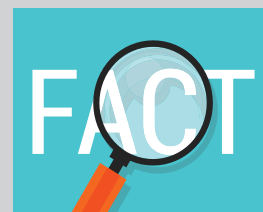
THE PARTNER.

Highlights adviser role in helping clients understand their own goals and dreams



THE OUTCOME.

Highlights the outcome(s) adviser is trying to achieve for client (e.g. building wealth)



THE FACTS.

A simple statement of the work done (e.g. a financial planner)



DEFINING AND COMMUNICATING YOUR VALUE

The Question: How do You Articulate Your Value?

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There are several ways in which
statements of value are differentiated.

1. Some are very specific about the role and work, while others are designed to pique interest and encourage the prospective client to ask more questions.
2. Some are focused on products and services, while others are focused on client objectives.
3. Some are focused on wealth as the outcome, while others are focused on the benefits of wealth (e.g. peace of mind)

THE FOLLOWING ARE SAMPLE VALUE STATEMENTS PROVIDED BY ADVISERS WHO PARTICIPATED IN THE 2016 TRENDS IN PRACTICE MANAGEMENT: UNDERSTANDING AND DRIVING CLIENT VALUE STUDY

I improve my clients' financial lives every day, by helping them define their short-term and long-term goals. Working with their unique circumstances to help them reach their goals while identifying with them the risks that can derail a good financial plan if not addressed.

I tell them, after explaining that I'm a financial planner, that I help people live without financial fear.

I help people with their life-changing events that involve money: asset management, retirement planning, education funding, and even protecting their loved ones.

In a busy world, I develop systems to help them be more purposeful with their money.

In a relaxed and nonjudgmental atmosphere, we work with clients to help them envision and prioritize their financial goals through the ever-evolving stages of life. Once goals are defined, we quarterback with our client's CPA and attorney to create and implement a personally tailored plan.

Our specialty is strategy, our approach is simplicity, the result is superior service. It is important to make decisions in the context of the big picture, we help you do that. Our goal is to simplify your financial life so you can relax and enjoy your life. To do both, we are committed to listening to you attentively, responding accordingly, and eagerly answering every question you might have as we go through the process.

We are hired as our client's personal CFO. Our desire when founding this firm was to create an advice driven, client-centered, independent firm providing our clients with their best outcome so that they may have clarity and confidence with their financial lives.

We can help you to live a better life by managing your money wisely, protecting your family, and achieving financial independence to live out your dreams. We provide competent and objective fee-only financial planning and investment advice. We are here to support you and your family through each stage and transition in your life.

We help our clients deepen their sense of financial security and financial purpose.

We help our clients to identify and realize their financial goals through effective planning, cash flow management, and investment portfolio management.

We help women in transition successfully navigate a financially challenging time in their lives so that they move forward confident and secure in their financial future.

We lead the decision-support process for our clients. What important decisions do you think you will be making between now and the day you die?



DEFINING AND COMMUNICATING YOUR VALUE

The Question: How do You Articulate Your Value?

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THE FOLLOWING ARE SAMPLE VALUE STATEMENTS PROVIDED BY ADVISERS WHO PARTICIPATED IN THE 2016 *TRENDS IN PRACTICE MANAGEMENT: UNDERSTANDING AND DRIVING CLIENT VALUE* STUDY (CONTINUED)

We manage our client's investment portfolios and look to add value by helping them achieve their financial goals.

We provide perspective and guidance to individuals, families, and businesses on investing and retirement planning from the start, to increasing growth, to utilizing and protecting a lifetime of hard work saving towards financial goals.

We provide you with a consulting team that works with you to help you accumulate wealth and guides you in making smart financial decisions based on your personal goals and desires.

We specialize in helping successful business leaders manage through life transitions at any stage of their life by clarifying goals, building plans around those goals and taking action to get things done.

We take the financial pressure off of you, and give you a chance to figure out the next important thing in your life.

We use our systematic investment approach and years of financial counseling experience to work with you to design and manage an investment portfolio that will meet your financial needs.

When life changes, money changes and when money changes life changes. We coach people through the transitions in life.

Take Action: Communicate

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Articulating and communicating value is a deceptively simple exercise. These exercises are designed to help you and your team internally, by highlighting where you will focus, and externally, by helping prospective clients understand what you do. While the process begins by crafting a clear statement of value, it's important to recognize that you communicate value in many ways, including your website, your process and your offer.



1. Articulate your value through eyes of the client

Crafting a value proposition or mission statement is an important step in creating clarity for you, your team, your clients and your prospects. In order to distill value down to a few sentences requires exceptional clarity and focus. We recommend defining your value in terms of what you help clients achieve. A typical structure for a value proposition (which is more an internal than external construct) is the following:

I help _____ (your ideal client)
to _____ (action) in order
to _____ (impact).



2. Audit your business to ensure that value is reflected throughout the business

Examine all aspects of your business to ensure that your ideal client and the value you provide is reflected. Your website is a good place to start.

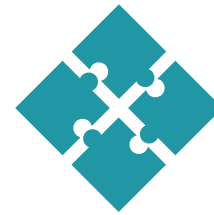





3. Reinforce value with your clients on an ongoing basis

Many advisers take great pains to explain and reinforce value at the outset of the relationship, and then assume the value is obvious from that point onward. Too often we deliver value but fail to remind clients what we are doing. Consider creating a service agreement that outlines everything that you provide to clients. Review that at the outset of the relationship, and review it annually to ensure that you have delivered on your promises and clients are clear about everything you have done on their behalf.

The Action Plan

BRINGING IT ALL TOGETHER



STRATEGY	TACTIC	NOTES	DEADLINE
DIFFERENTIATE 	Define your ideal client		
	Gather input from your ideal clients on perception and awareness of value		
	Clearly define the elements of value you provide to your ideal client		
CO-CREATE 	Gather feedback from clients		
	Partner on agenda setting		
COMMUNICATE 	Articulate your value through the eyes of the client		
	Audit your business to ensure value is reflected throughout		
	Reinforce value with your clients on an ongoing basis		

DEFINING AND COMMUNICATING YOUR VALUE

Final Comment

This whitepaper sets out to tackle a very big issue – the way in which you define and communicate your value to clients and prospects. Despite the value being delivered, there are clear gaps in the perception of key stakeholders. Bridging that gap means getting back to basics by clarifying what really sets you apart, focusing on the client experience and articulating and reinforcing value on an ongoing basis.

Additional Resources

The Financial Planning Association (FPA) has several other resources for you to use as you work to understand and communicate your value.

FPA Practice Management Resources – a terrific vault of content on all areas of practice management, including marketing and brand development.

The FPA Practice Management Blog

- [5 Key Elements to Deliver Empathetic Service and Gain Client Loyalty](#)
- [Should You “Fire Fast” in the Client Relationship?](#)
- [What’s Your Communication Style?](#)
- [When a Positioning Statement Trumps the Elevator Pitch](#)
- [How to Identify the Best Niche Market for Your Planning Practice](#)

Professional Development On Demand Webinars

- [Expanding Your Firm’s Potential with Compelling Communication](#)
- [Claim Your Niche: Nine Steps to a World-Class Niche in Any Economy](#)
- [The New Rules of Marketing and PR](#)

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About the Author



Julie Littlechild is the Founder of AbsoluteEngagement.com and has worked with and studied top-producing financial professionals, their clients and their teams for twenty years. She is a respected researcher, a recognized expert on driving deeper engagement and popular speaker. For more industry insights, Julie's blog is at www.absoluteengagement.com/blog.



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