Things to consider.

Creating an ideal client profile to help focus your practice.

Do you define yourself as a generalist?

We believe advisors who specialize or create a niche can be more purposeful in their marketing, more efficient, and more in demand for the advice they give.

Whether choosing to carve out a specific niche (e.g., doctors in Philadelphia) or just narrowing your focus (e.g., business owners with $250,000+ in investable assets), it starts with clearly articulating who your ideal client is and how you can best serve them.

But what stops financial advisors from creating their own ideal client profile?

- **Time and effort:** Many advisors want to work on "the now" instead of planning for the future.
- **Concern over alienating existing clients:** If client satisfaction is high, why would an existing client leave due to a focus or niche? Odds are, they won't.
- **Focus and discipline:** Segmentation can take time—something that may be lacking right now. However, your book may already have an emerging niche, making for an easier transition.
- **Being a generalist is simpler:** Many advisors start their practices by taking anyone as a client. As they grow; however, having clients with different needs can create inefficiencies and affect the value provided.
- **Fear of change or of being different:** There is comfort in the sea of sameness, but it may inhibit growth if you don't stand out.

Use our toolkit to help create an ideal client profile or persona. The downstream impact may be seen in firm operations, marketing, client experience, and business transparency.

Getting started.

Ideal client scorecard

Defining an ideal client profile and keeping that in mind while building your experience, marketing, processes, and team can provide valuable benefits to your practice and clients.

Let's start by doing an honest self-evaluation of your client experience, competitive advantage, business analytics, and staffing and resources.

Using a scale of 1 (strongly disagree) to 5 (strongly agree), rate your practice against the scorecard's statements. It will help you identify gaps and opportunities by comparing your score today against the ideal score you want to achieve.

How does your practice currently stack up to where you ideally want to be?

How do you get there? In our experience, this should be a group effort—one that starts with a strategy that includes the whole practice. Maybe the goal is to meet once a week for a month to build out an ideal client profile. Or maybe you'll want to schedule an off-site meeting for the team to focus on the task. We suggest assigning a project owner to be responsible for the ongoing process and validate what to do when roadblocks arise.

Once the strategy is defined and the roles are agreed upon, it's time to explore segmentation, learn who your ideal client may be, and determine how to optimize now for your desired future state.

Segmentation accelerator

Many advisors segment in a traditional A, B, C, or Gold, Silver, Platinum format. It looks at what's important to the advisor, but not necessarily from the client's point of view. So if you're segmenting by client assets under management (AUM), revenue, or net worth, the data will simply show the bottom line.

Clients with similar net worth or assets may have differing needs, concerns, and/or goals. How do they want to communicate? What type of service model fits their lifestyle? What marketing messages are most relevant to them? Look beyond revenue. Start by asking:

- **Who do you like to work with?** Take 10 to 20 favorite clients and see if there are similarities or the beginning of a niche. Add them to the segmentation template.
- **Who perceives the most value from what you do?** Is there a specialty provided for a subset of your clients that they consider valuable?
- **What are your areas of expertise?** What services do you provide that differentiate you from competitors?
- **Who in your current book of business can easily fit into a niche or segment?** How narrow can it be?
- **Is your segment sustainable?** Can your practice begin to grow around it?

Consultant's pro-tip: Make segmentation easy. Use the Segmentation Accelerator to identify your top clients using current value, future value, and fit scores—then bucket the rest as "everyone else."

If you're already segmenting, how are you using this information?

Investors are asking for a personal approach to advice and service. We recommend striving to be hyperpersonalized—but with scale.

If you self-identify as a generalist, the practice may be doing one-off activities for many of your clients. But by doing this, you may lose focus on what's important to them and create inefficiencies for staff. The benefits of hyperpersonalization with scale are clear.

For the client	For the business
Build unique and valued services tailored to the ideal client's needs	Target all marketing, making it more effective in developing prospects and nurturing clients
Craft a differentiated client experience that they cannot get elsewhere	Streamline operations to potentially improve staff morale, reduce errors, and increase profitability
Go beyond investments to create value and positively impact their lives	Optimally allocate staff and resources for better productivity
Be a resource and subject matter expert on topics they care about	Create consistency in pricing and operations, which may increase revenue and profitability
Position yourself in front of unmet, unrealized needs	Understand key business metrics for better strategic planning
Humanize communications that speak to clients and their peers	

Ideal client persona builder

Use this template to help build your ideal client profile, and "make real" the client that will receive your hyperfocus. Don't be afraid to use the worksheet on a few profiles until it feels right.

Demographics	These are basics. Think about age, gender, and marital status. Where are they employed? How much do they have in investable assets?
Motivations	What are their challenges? How do they view financial success for themselves and their family? How much control do they want in making financial decisions? Do they want all of the details or high-level facts?
Financial knowledge/ attitude	What are their attitudes toward investing? • Validator - Seeks advice and validation from experts, but still wants to make their own decisions • Delegator - Appoints financial professionals or family members to be the expert in investments • Family steward - Emphasizes taking care of their family, but has little knowledge about investing • Maven - Considers themselves to be an investing expert and passes along their knowledge Where do they get their financial information? How involved do they want to be?
Interests	Outside of investments, how and where do they spend their time? Do they have any hobbies or belong to organizations? Philanthropy?
Communications	How often do they want to meet and by what method? Are they all business or is there time for small talk?

Once you complete the exercise, picture the persona as a client or potential client. Give them a name. Some firms will even add a stock photo or drawing to the profile to really make it come to life. It will become clear how just segmenting by AUM or revenue may miss a significant and valuable opportunity.

Review the profile closely. If it seems too broad, it likely is. If it seems too narrow, it probably isn't narrow enough. Go deep in building the profile; there is always time to test and validate in the future.

What to do once the ideal client is "known"

The second page of the ideal client persona builder will help shape a client-centric approach to building processes, utilizing technology, and identifying the right deliverables. Consider the implications to making the ideal client persona real:

- How will you service the ideal client in a meaningful way?
- How will you ensure your business plan supports their needs?
- How can you grow your practice using their profile and characteristics?
- What processes will be implemented to meet their needs?
- What technologies will be used to manage these relationships?
- What are the deliverables that the ideal client will find most valuable?
- What partnerships can be brought to the table that will add value without increasing infrastructure costs?

While using the ideal client profile as a guide, confirm these assumptions with current clients and ask prospects for their preferences. Consider this to be a living document that can continue to be refined as your practice becomes more embedded with the ideal client.

You don't have to go it alone. Learn how our experts can help you. Schedule a consultation

Information provided by Independent Advisor Solutions by SEI, a strategic business unit of SEI Investments Company (SEI).

© 2024 SEI®

240062.02 ADV 07/24