

# KEEP YOUR CLIENTS CLOSE AND YOUR “A” CLIENTS CLOSER

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Few would argue that for advisers to remain “relevant” (and therefore valuable) to their clients, they must continue to deliver a service that their clients truly appreciate and are happy to pay for. This means that advisers need to be close enough to their clients so that they can evolve their offer in accordance with their clients’ changing needs.

And, while every client deserves to be treated fairly and with respect, not every client deserves to be treated equally. “A” class clients must receive A-class services. After all, they are probably paying for it!

Given that Pareto’s principle is alive and well in most of Australia’s advisory firms, it appears that some practices could do more to get closer to their best clients. Consider the following findings from our recently released *Future Ready VII* whitepaper created in conjunction with knowITdigital:

- On average, each practice services 715 clients and has 105 “A” and 171 “B” clients. However, only one in three have effectively implemented a client segmentation model. In fact, 30 per cent of the firms either do not segment at all or, do not offer a differentiated level of service to their best clients
- Over a quarter (28 per cent) only meet face-to-face with their “A” clients yearly to review their current personal circumstances and their progress to plan and 21 per cent of client review meetings last less than 60 minutes
- 61 per cent do not “touch” their best clients ten times per year (and in this context, contact can be written, electronic, telephone, group functions or face-to-face interviews)
- Just one in three (34 per cent) have a formal process in place to seek feedback from their clients

While intuitively we all know it makes good business sense (on a number of different levels) to regularly “touch” our best clients it is worth asking the question: does good client communication have an impact on bottom line business profitability as well as improving client satisfaction?

Through our *Future Ready VI* analysis we have been able to clearly show there is a direct correlation between A-class client contact and practice profitability.

KEY VALUE DRIVER	% OF PRACTICES	PROFIT* PER PRINCIPAL	INCREASE IN PROFIT*
<b>A-CLASS CLIENT CONTACTS</b>			
<i>Less than 5 time per year</i>	14	\$237,642	-
<i>Between 5-10 times per year</i>	47	\$240,165	1%
<i>More than 10 times per year</i>	39	\$311,847	31%

\* All profit calculations assume a notional \$100,000 salary for each principal working in the practice.

Additionally, our *CATScan* client satisfaction research (which now contains direct feedback from over 45,000 Australian clients) also shows that where clients score the communication they receive from their adviser highly, they are far more likely to have already referred new clients to the business and they also have a much higher propensity to do so again in the future.

Given that many of these key client engagement indicators have remained unchanged since our 2014 paper (in fact the number of practices regularly contacting their best clients has actually dropped), now could be a very good time for all advisers to review the effectiveness of their client communication program – as the table above proves, there is indeed a very real business benefit in getting this right.

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