



“My clients want performance” - part 3

Working with a specific type of client enables a wealth manager to accelerate his or her success in a way that working with all types of client never can. By Kees Stoute

In my previous article, I made the point that you may be better off not to work with those clients who insist on a service that dangles way below your professional standards.

Managing clients out of the front door may sound awfully scary and appear counter-productive, given that you probably want to try to grow your client base, not shrink it.

In this context, I'd like to refer to an excellent article written by John J. Bowen, entitled 'Finding the Perfect Client Fit'.

Bowen convincingly makes the point that it is difficult to be effective as a wealth manager if you have many different types of clients with many different (types of) financial situations and goals.

It therefore pays to be intentional about which clients you serve. “Many top advisers say the decision to specialise was the single most important factor in vaulting their practices into the ranks of the elite.”

WHAT'S YOUR SPECIALTY?

Bowen provides some insights in how to 'specialise' one's practice.

In his experience, any viable client specialty area must be able to meet five key characteristics:

1. A distinct market with shared client traits. In other words, the people in the specialty market should share similar financial challenges and issues
2. The ability to address financial challenges. You must be qualified (or be able to become qualified) to effectively address the key financial challenges that the people in the specialty market have
3. Strong potential for growth. The specialty area should be big enough
4. The potential for higher income and profit. This means that the specialty area you choose must be made up of affluent individuals or families who can pay you appropriately for the high level of service you will deliver
5. Enjoyable. The client specialty area should be aligned with your own interests and skills, thus providing you work satisfaction

BENEFITS OF SPECIALISING

Bowen further emphasises the importance and relevance of his views.

To do this, he refers to research which concludes that professionals who took the bold decision to only work with specialty niches – ie. a clearly-defined type of client – experience a number of advantages:

- Almost all of them saw their income improve
- They could sense that they are able to improve the quality of their service offering
- Most experienced a significant improvement in their ability to foster strategic alliances with other professionals (which is important in view of winning referrals)
- Their clients tended to be happier and more prepared to refer others
- As they became much more specific, it required less effort to market their services
- Almost all specialist wealth managers indicated that since their specialisation, they derived much more joy and satisfaction from their work

Contact Kees - kees.stoute@hubbis.com