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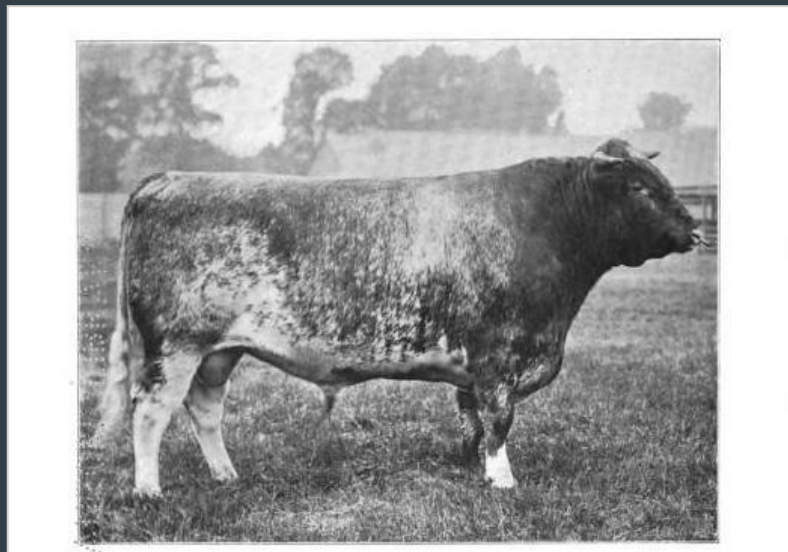
# Growth: Advisor and Client Perspectives

Mark Colaço, CFP®  
Vice President & Regional Director, Practice Management

Thursday October 12, 2023

# Lessons from Sir Francis Galton

How the information we collect influences the decisions we make.



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Degrees of the length of Array 0°—100°	Estimates in lbs.	Centiles		Excess of Observed over Normal
		Observed deviates from 1207 lbs.	Normal p.e = 37	
5	1074	- 133	- 90	+ 43
10	1109	- 98	- 70	+ 28
15	1126	- 81	- 57	+ 24
20	1148	- 59	- 46	+ 13
$q_1$ 25	1162	- 45	- 37	+ 8
30	1174	- 33	- 29	+ 4
35	1181	- 26	- 21	+ 5
40	1188	- 19	- 14	+ 5
45	1197	- 10	- 7	+ 3
$m$ 50	1207	0	0	0
55	1214	+ 7	+ 7	0
60	1219	+ 12	+ 14	- 2
65	1225	+ 18	+ 21	- 3
70	1230	+ 23	+ 29	- 6
$q_3$ 75	1236	+ 29	+ 37	- 8
80	1243	+ 36	+ 46	- 10
85	1254	+ 47	+ 57	- 10
90	1267	+ 52	+ 70	- 18
95	1293	+ 86	+ 90	- 4

$q_1$ ,  $q_3$ , the first and third quartiles, stand at 25° and 75° respectively.  
 $m$ , the median or middlemost value, stands at 50°.  
 The dressed weight proved to be 1208 lbs.

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Vox Populi

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Wisdom of Crowds

How can data help inform firm growth?

# 2022 Global Advisor Study



Focus Areas

BUSINESS METRICS

COMPENSATION

TECHNOLOGY

# 2020-2021 Global Investor Study

## SURVEY DATA

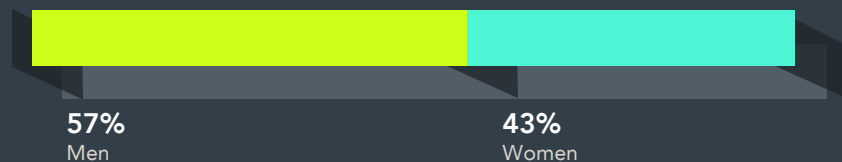
30,216

participants

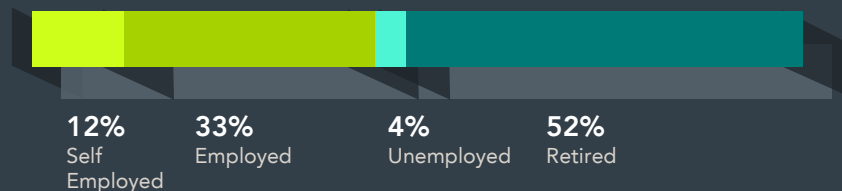
547

firms

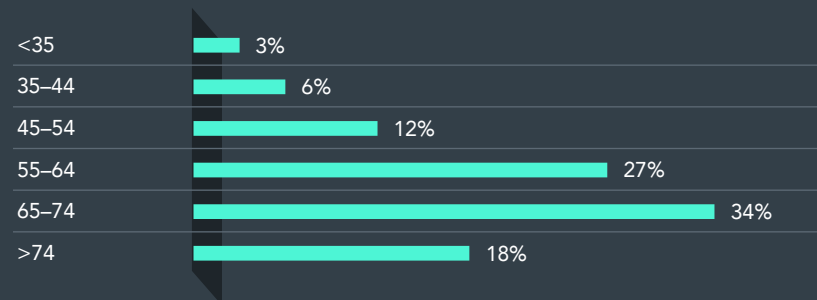
## GENDER



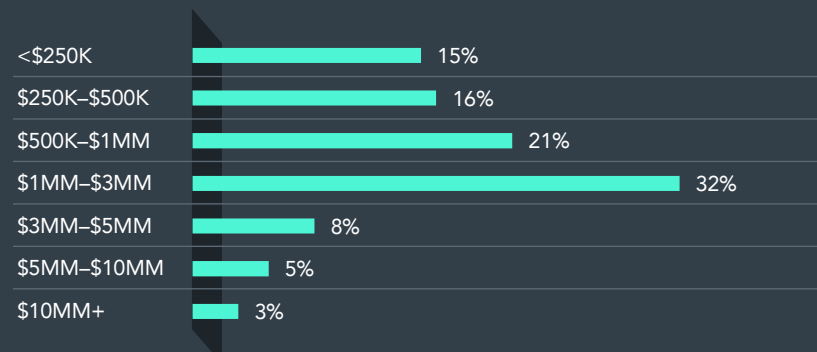
## EMPLOYMENT STATUS



## AGE



## INVESTABLE ASSETS



# High Performing Firms Defined



1. Excluding death, divorce, "we terminated".

2. Excluding "we terminated".

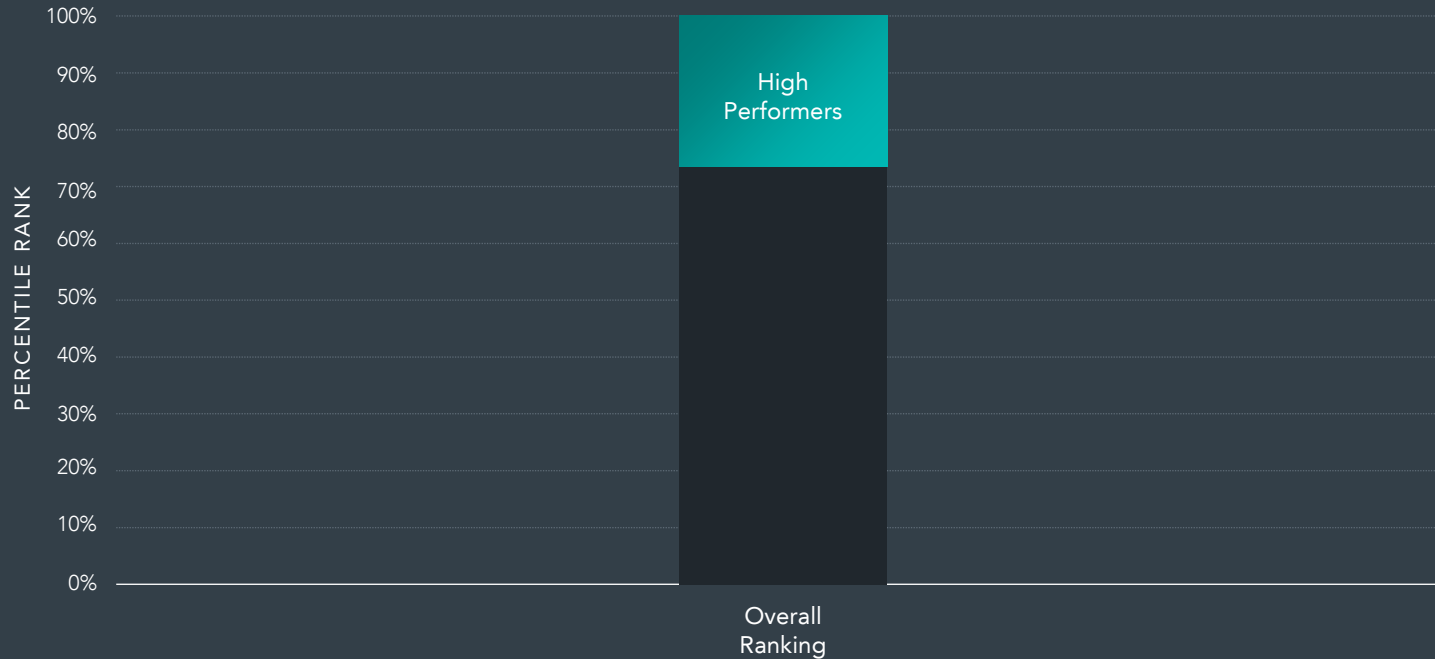
3. Service and senior combined.

Firms must provide data for at least four of the five metrics to be under consideration as a High Performing Firm

Results from the Dimensional 2018-2022 Global Advisor Study. 518 US firms participated in 2022, of which, 125 firms met High Performing criteria.



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# Agenda

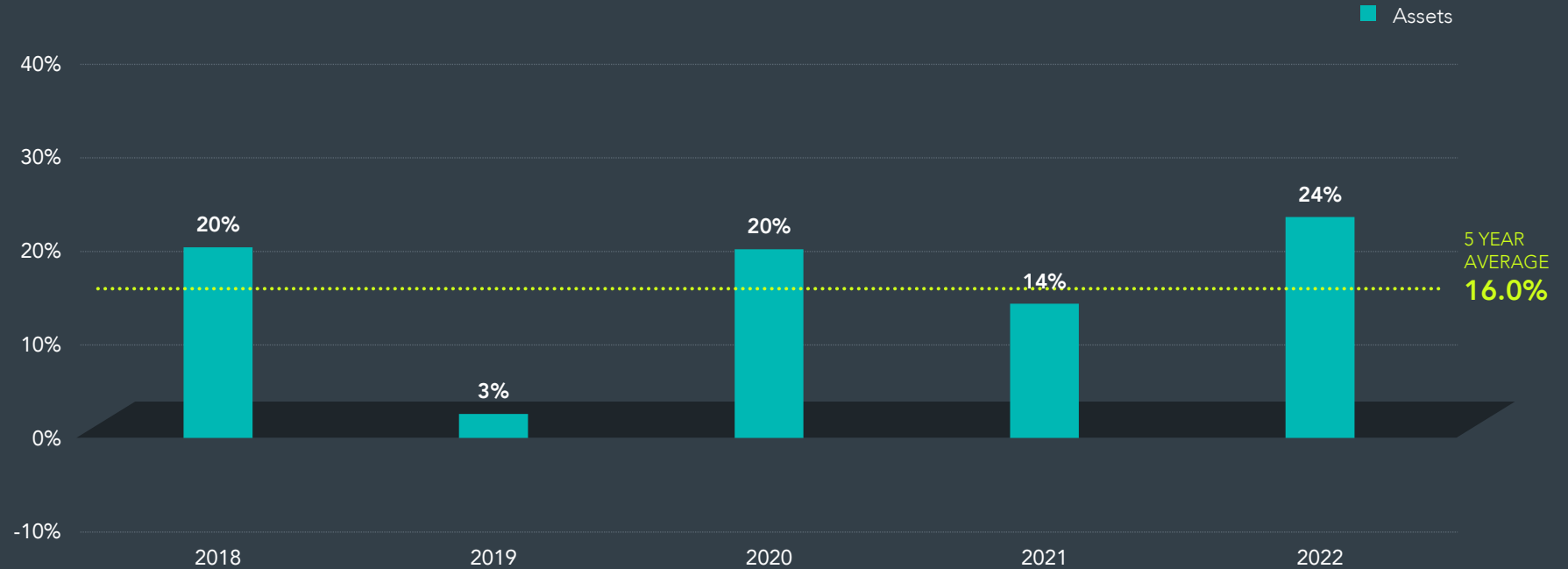
Building Blocks

Client Interactions

Client Referrals

# Historical Asset Growth Rates

Median



POLL 1

If we subtract market returns, what do you think the 5-year annualized asset growth rate has been?

1. **9.28%**

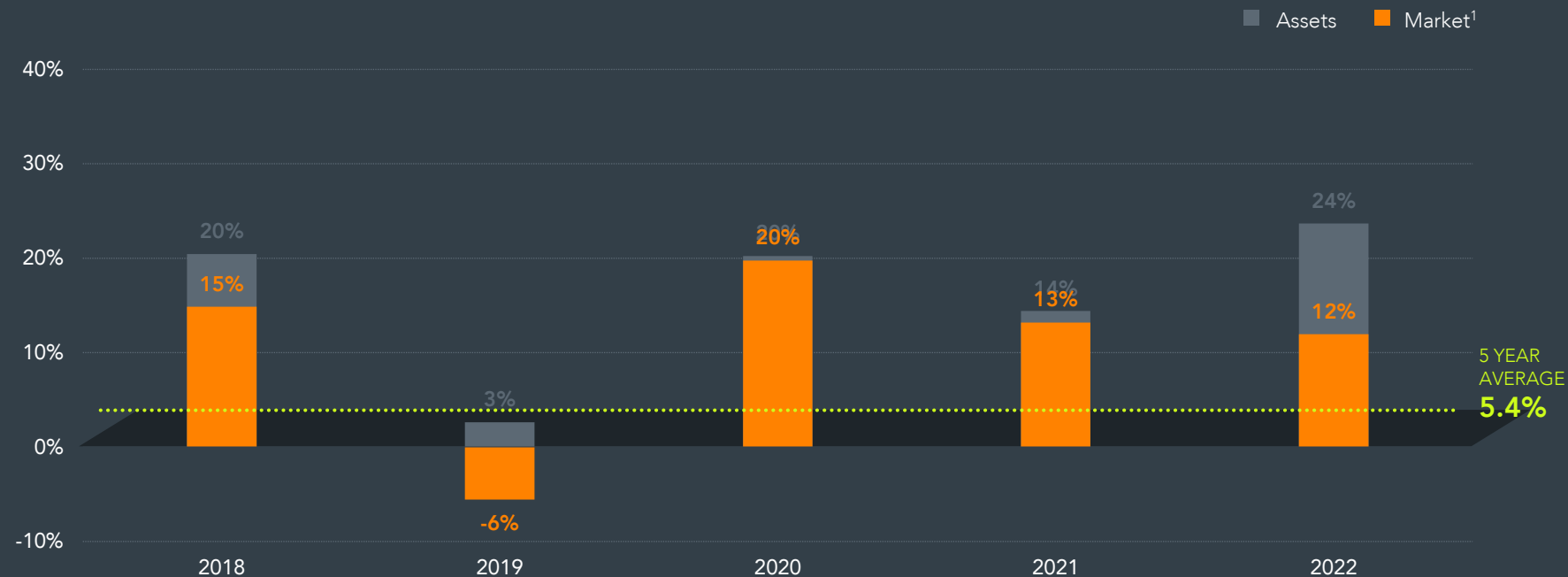
2. **6.56%**

3. **5.40%**

4. **1.54%**

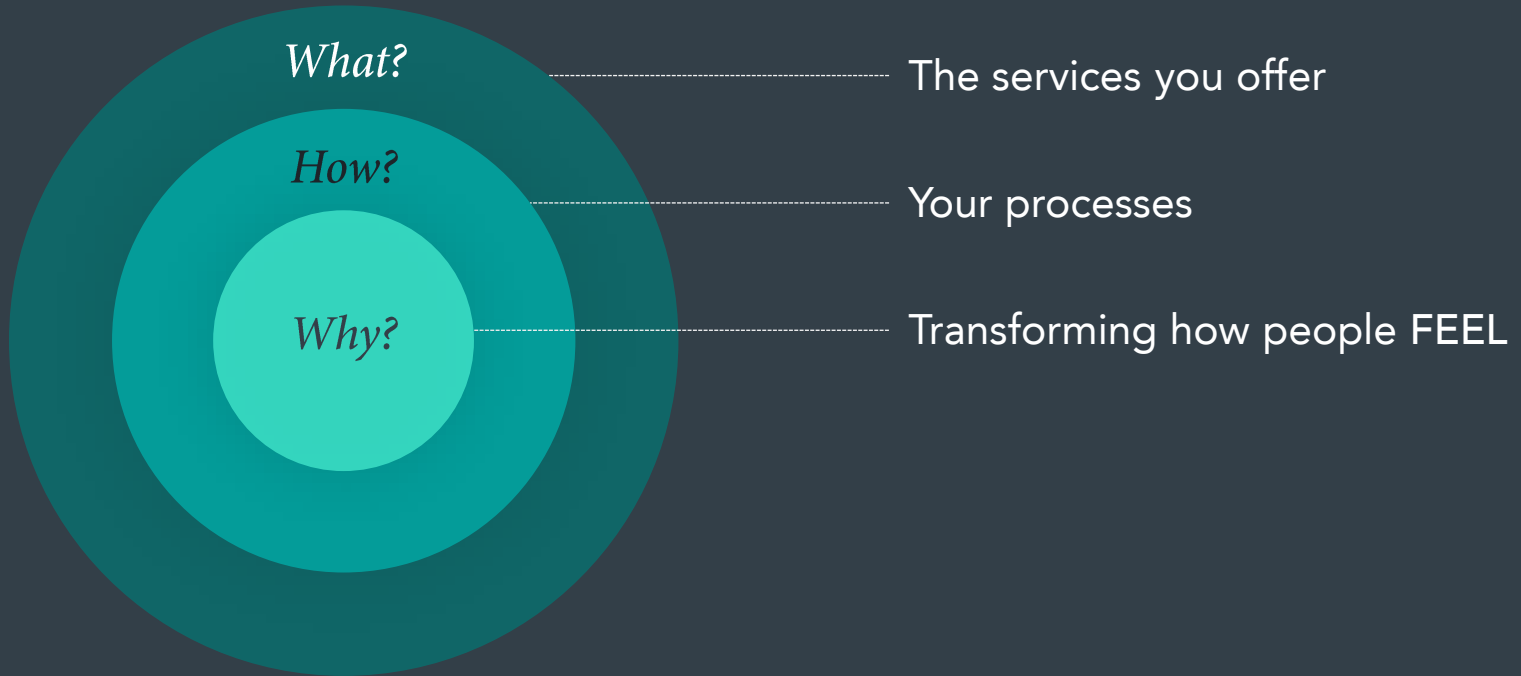
# Historical Asset Growth Rates – Minus Market

Median



# A Higher Purpose

# The Power of 'Why'



# Target Client Profile



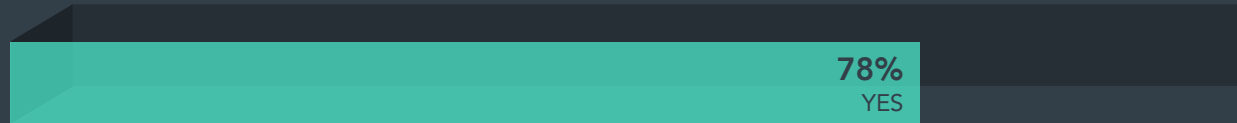
# Does your firm have an ideal target client profile(s)?



High Performing Firms



Other Firms



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High Performing firms are more likely to consider  
**Values** in defining their ideal target clients.

# Demographics/Psychographics

Person 1



## Demographics

1948

Male

Raised in the UK

Married Twice

Wealthy/Famous

Lives in a Castle

Person 2



## Net Promoter Score (NPS)

How likely are you to refer your advisor to a friend or colleague?

(10 is most likely; 0 is least likely)



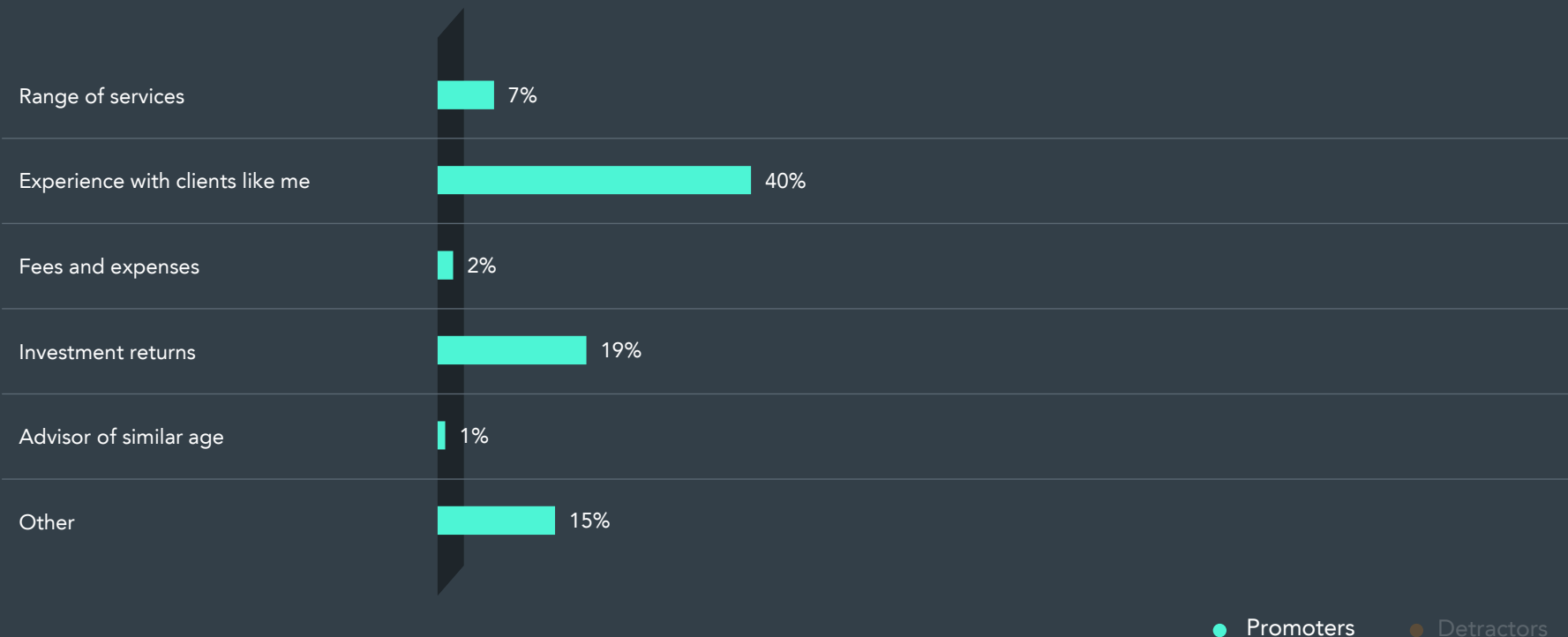
## Net Promoter Score Formula

(Scale of -100 to 100)

$$\text{NPS} = \text{PROMOTERS } 50\% - \text{DETRACTORS } 20\% = 30$$

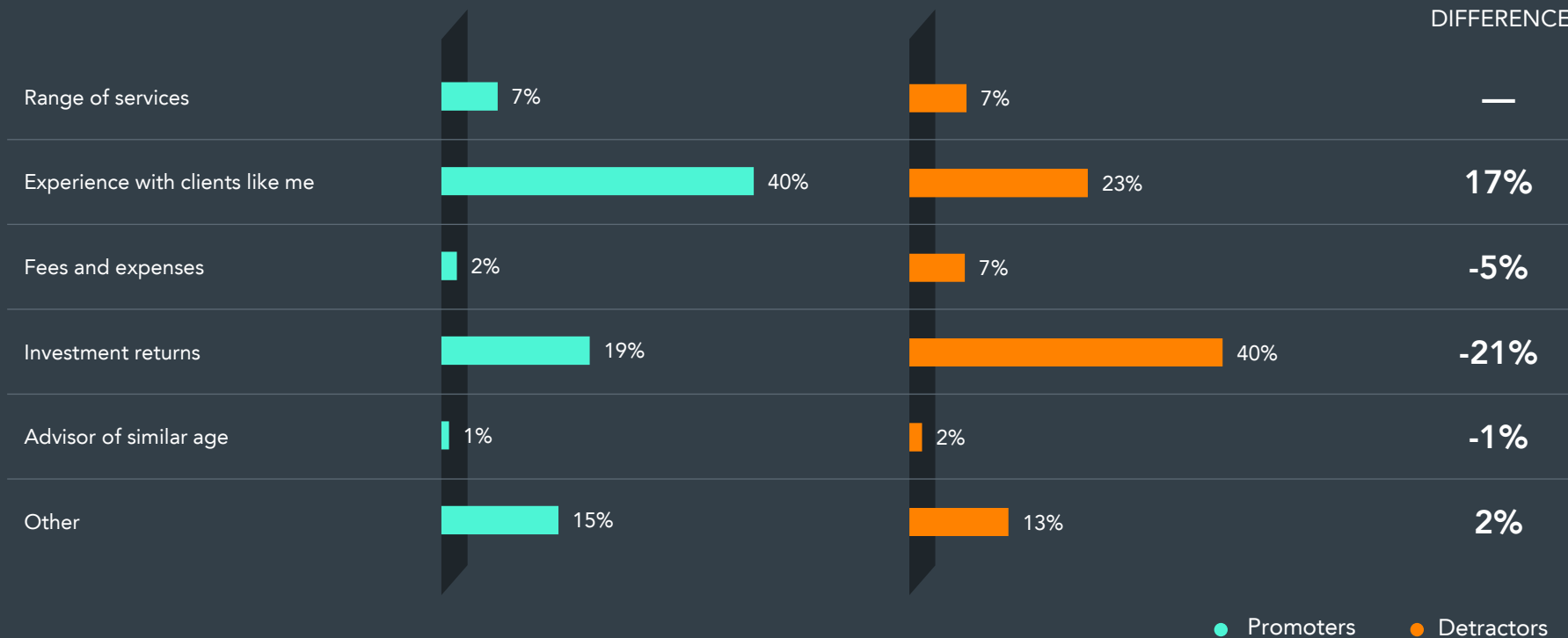
# How Clients Think:

What attribute do you consider most important in your advisor relationship?



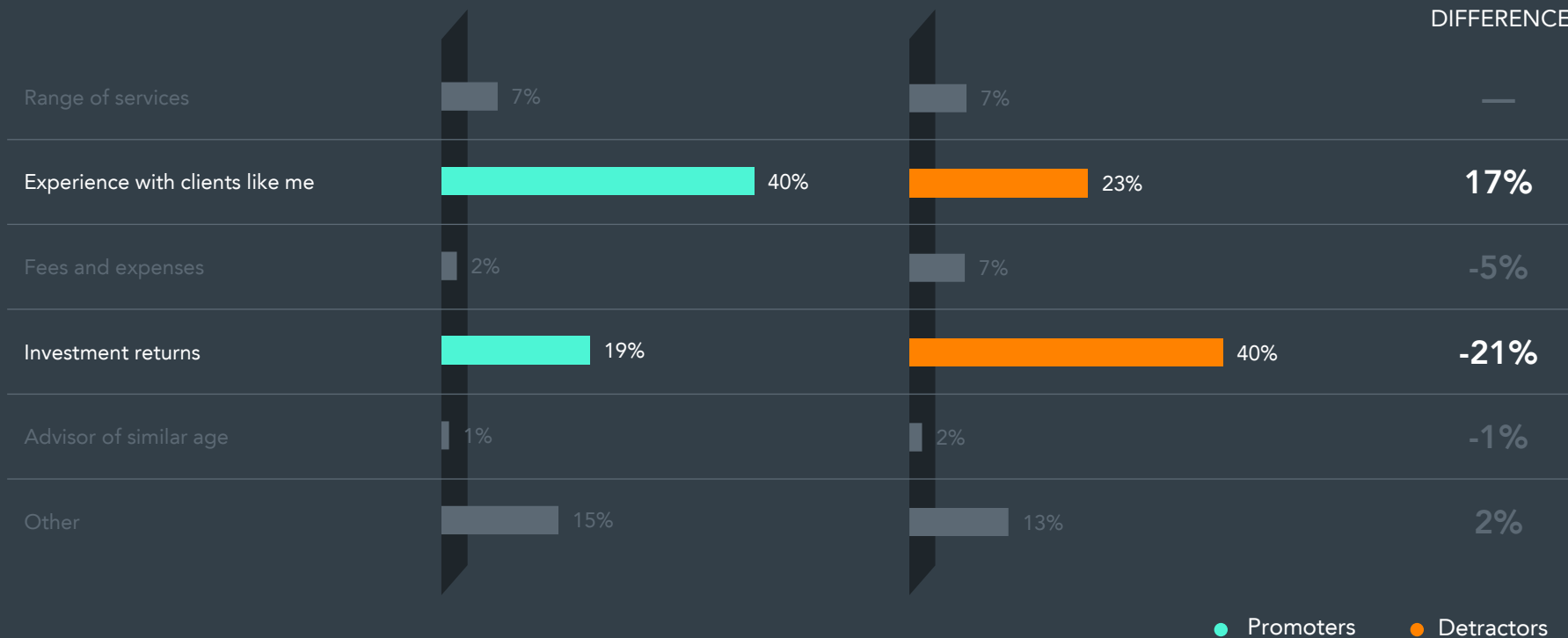
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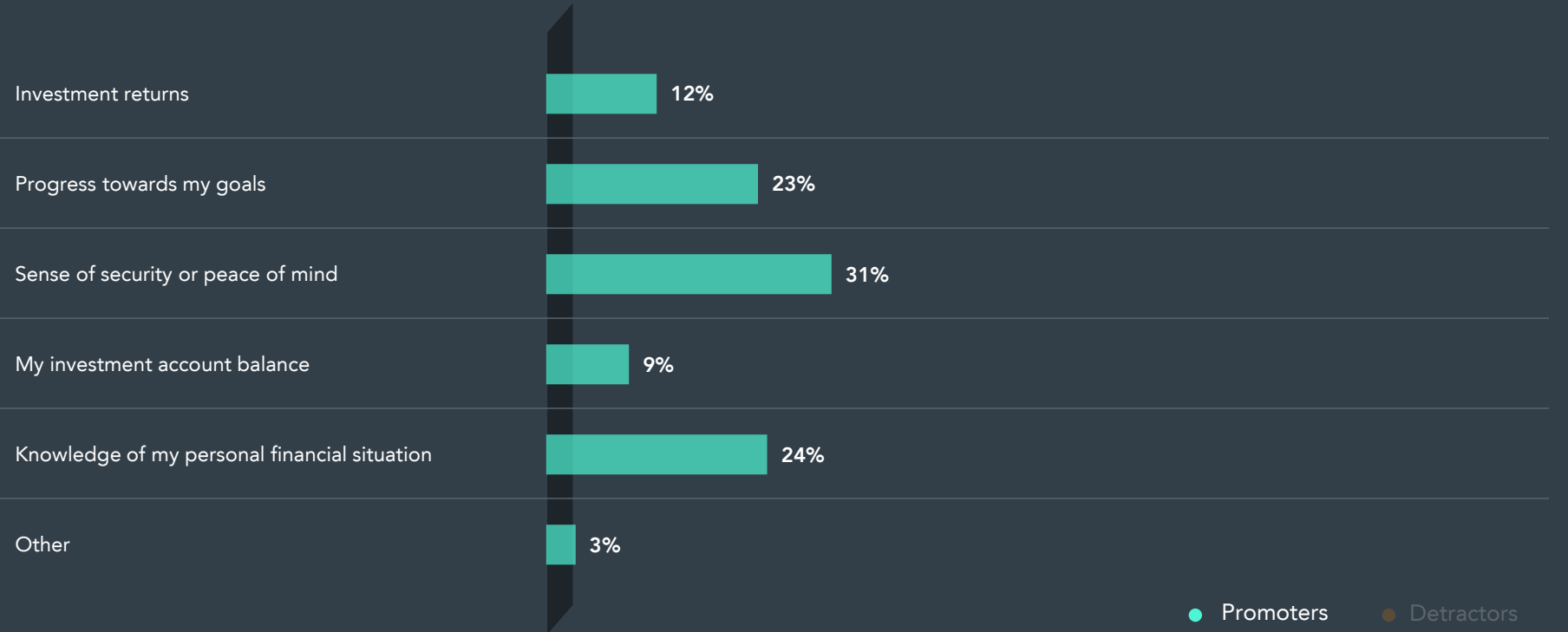


# Value Proposition



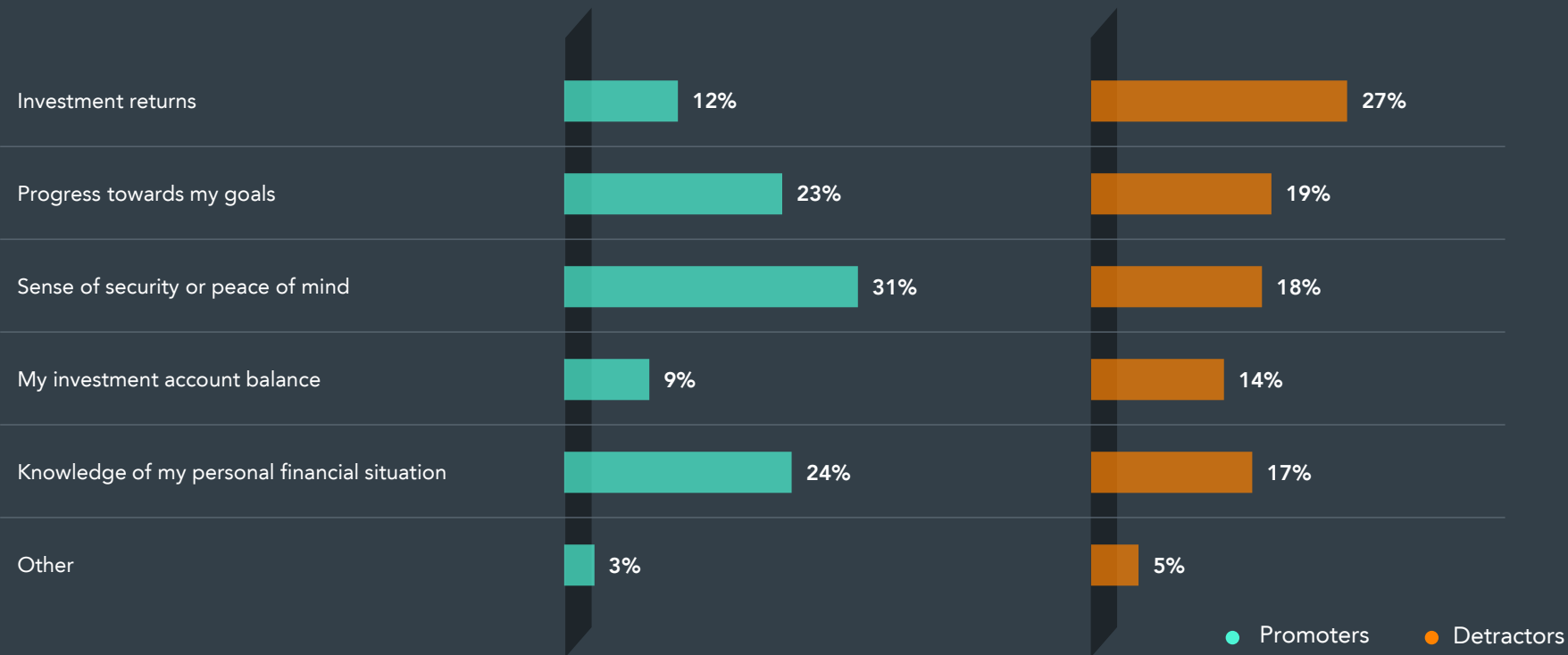
# Measuring Advisor Value:

How do you primarily measure the value you receive from your advisor?



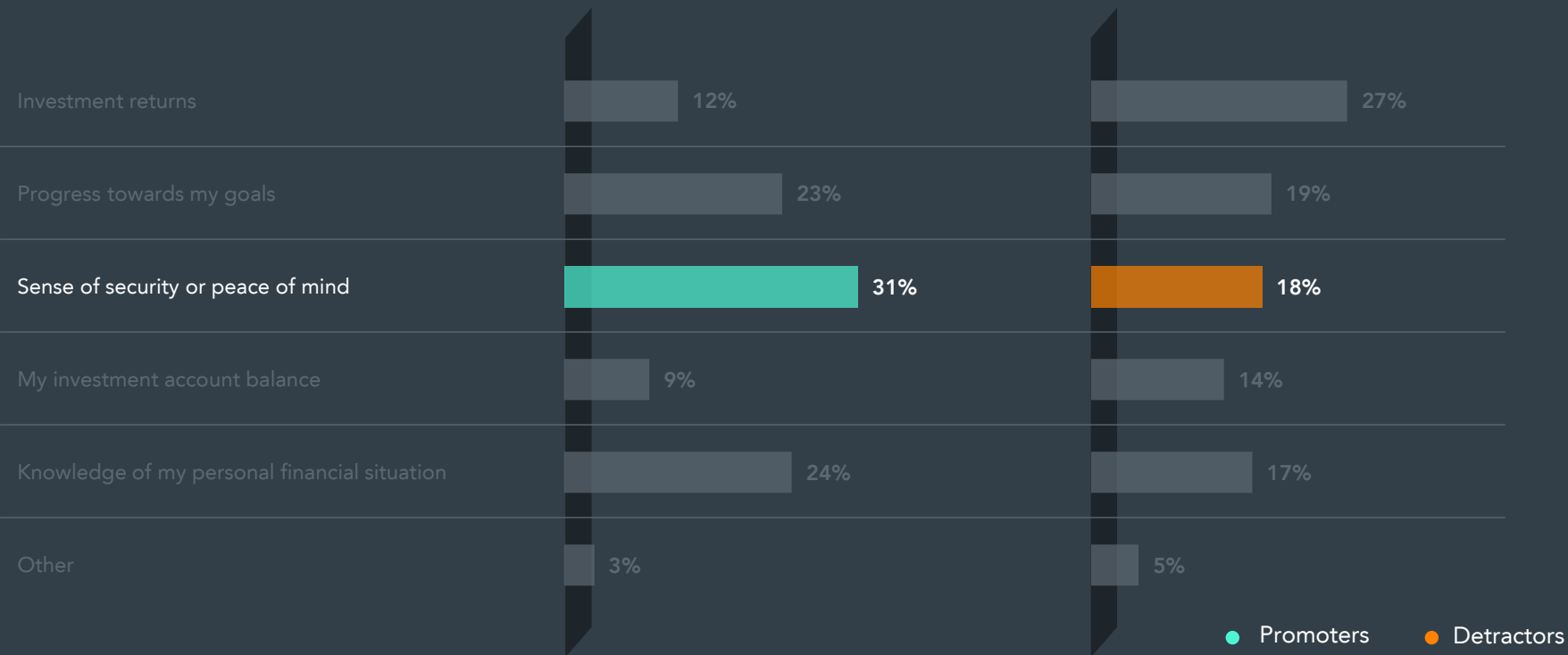
# Measuring Advisor Value:

How do you primarily measure the value you receive from your advisor?



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# Enhancing Our Value Proposition

## The Advisors Perspective of Value

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- Financial planning
- Investment selection
- Asset allocation
- Risk management
- Generating income
- Tax considerations

## The Client's Perspective of Value

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- Education
- Manage emotions and stress
- Avoid costly mistakes
- Peace of mind

- Time savings
- Coordinate with other professionals
- Personalized service
- Investment monitoring

- Spousal involvement
- Multigenerational planning
- Engagement of children

# Client Interactions

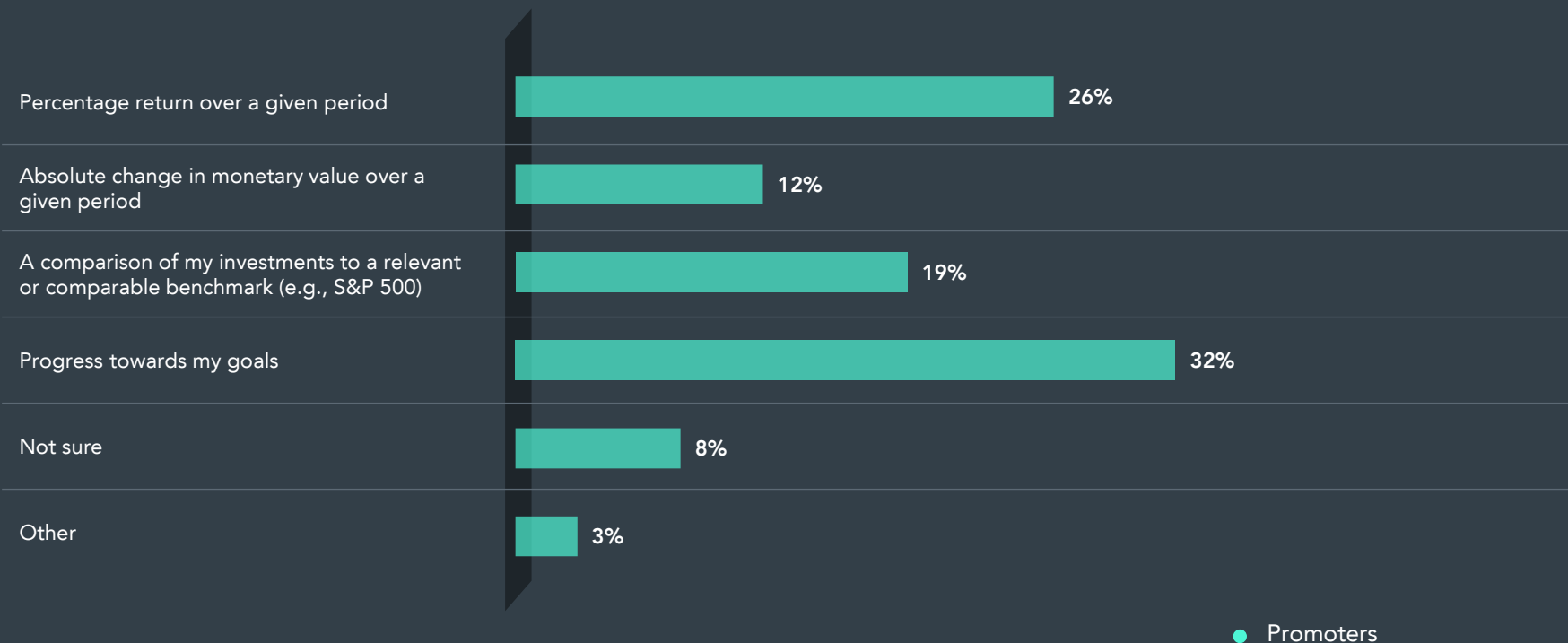
How many times per year do clients want to talk to their advisor?



3.5x

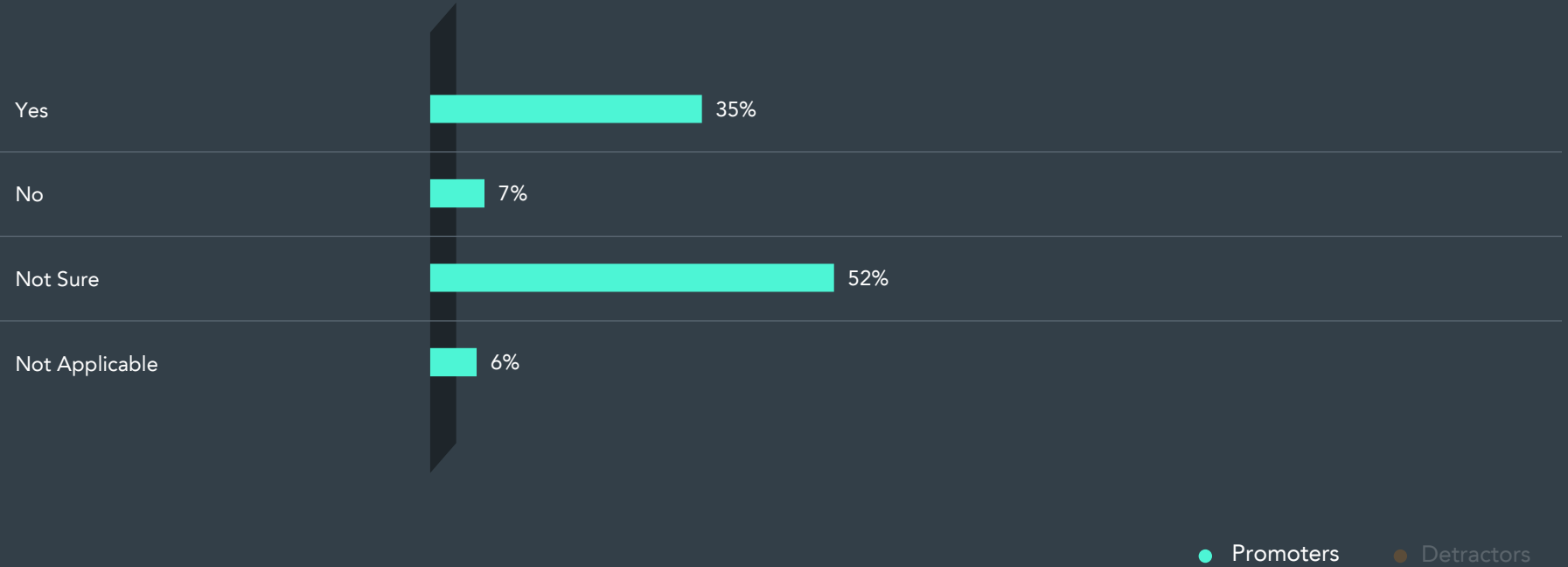
# What to Review

When reviewing investment performance, what information would you find most helpful?



# How Clients Think:

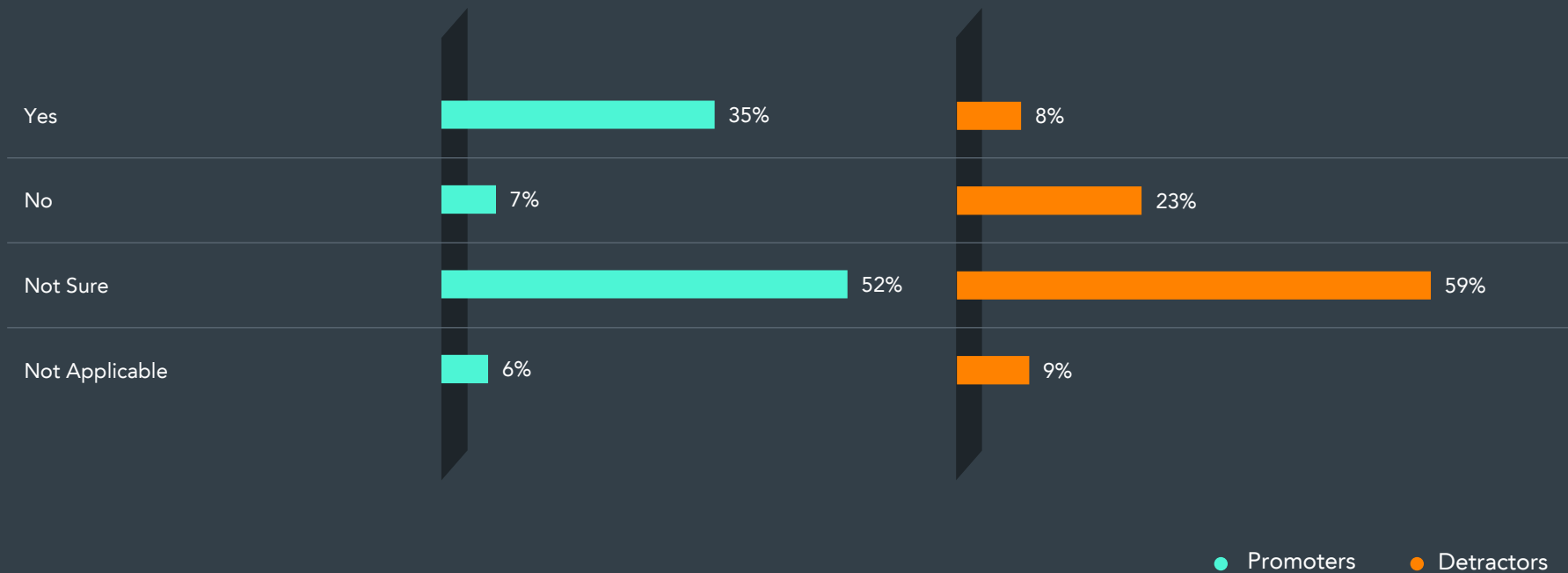
Do you expect your assets to remain under your advisor's care upon passing to your heirs?





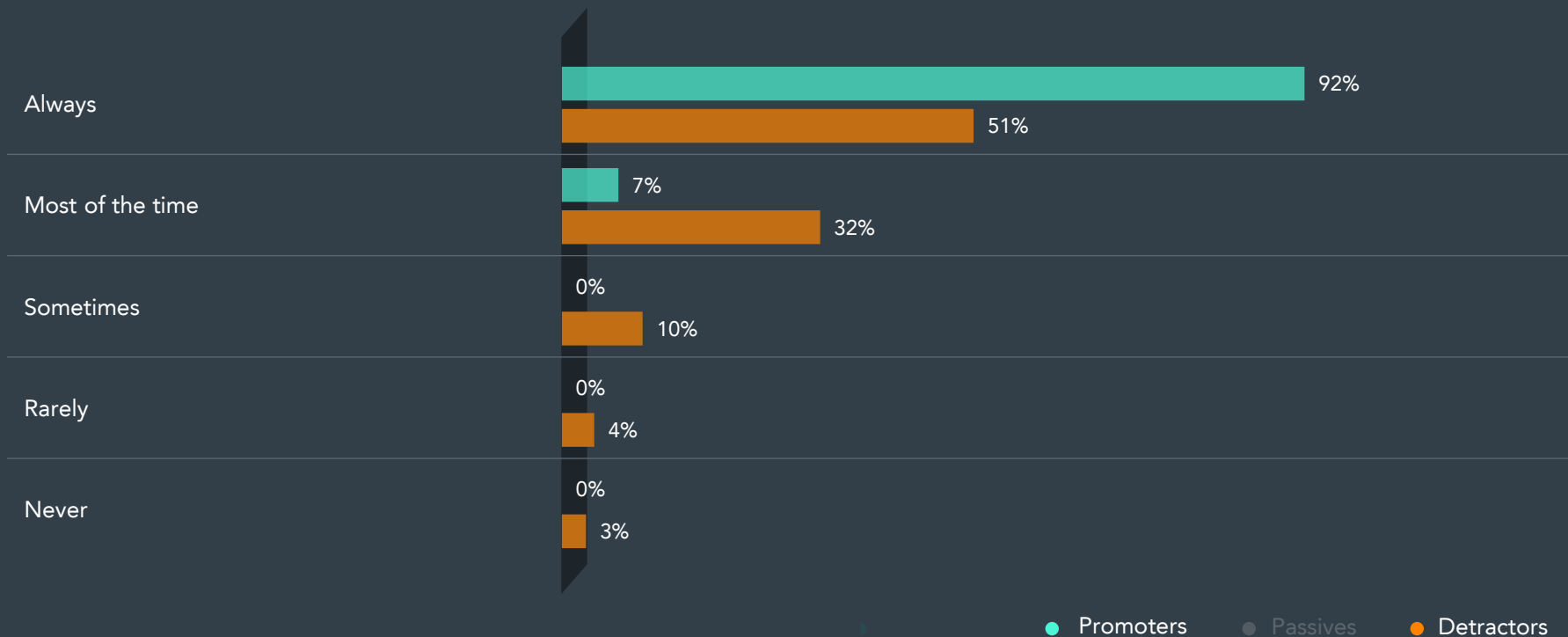
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# Importance of Responsiveness

Does your advisor respond in a timely manner to your requests?



# Client Referrals

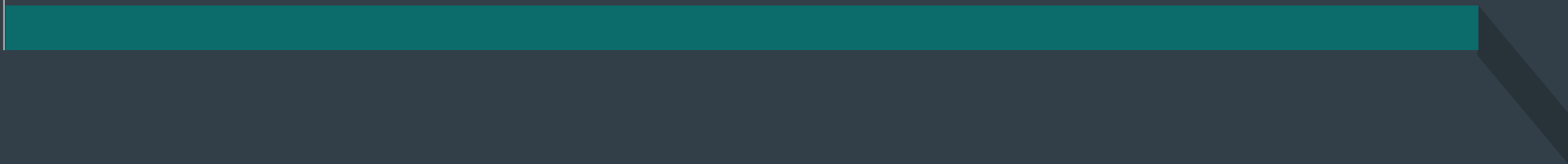
# The Referral Gap

Averages



**344**

HOUSEHOLDS



# The Referral Gap

Averages



**344**

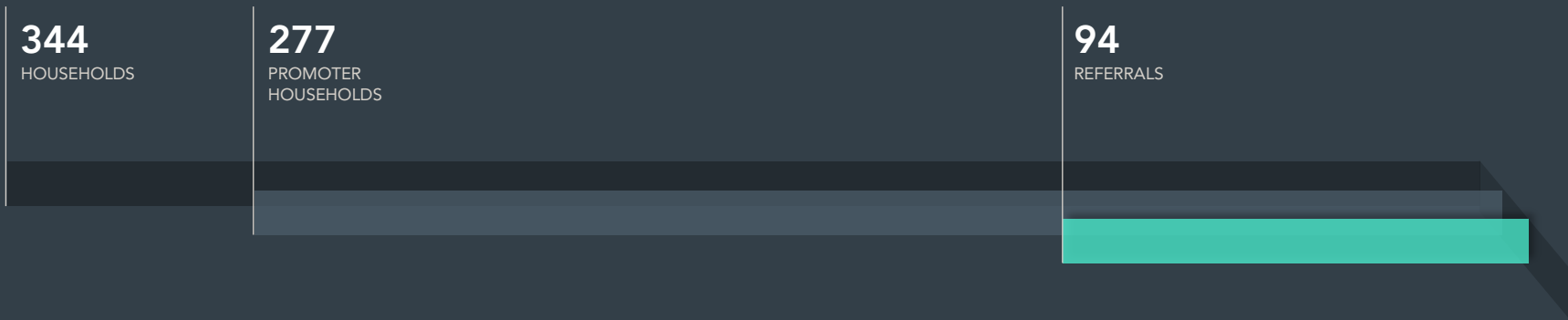
HOUSEHOLDS

**277**

PROMOTER  
HOUSEHOLDS

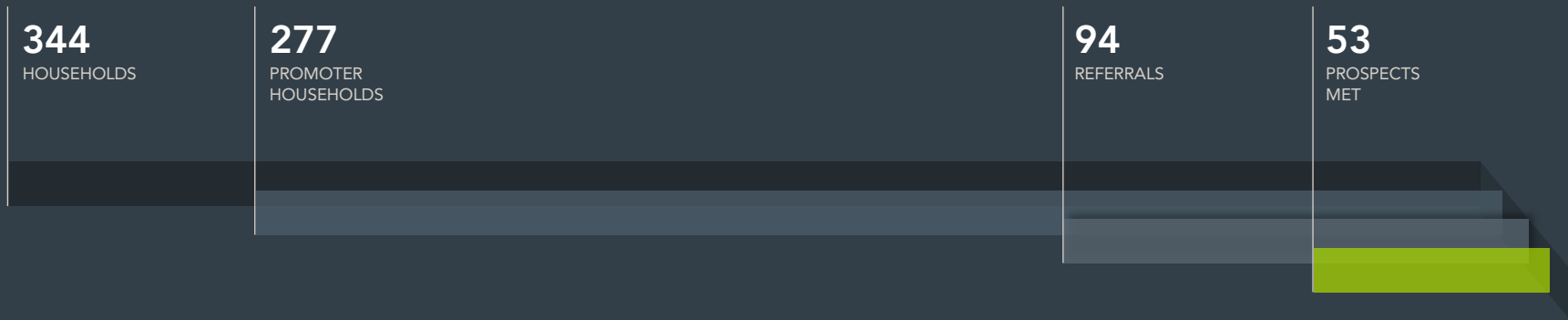
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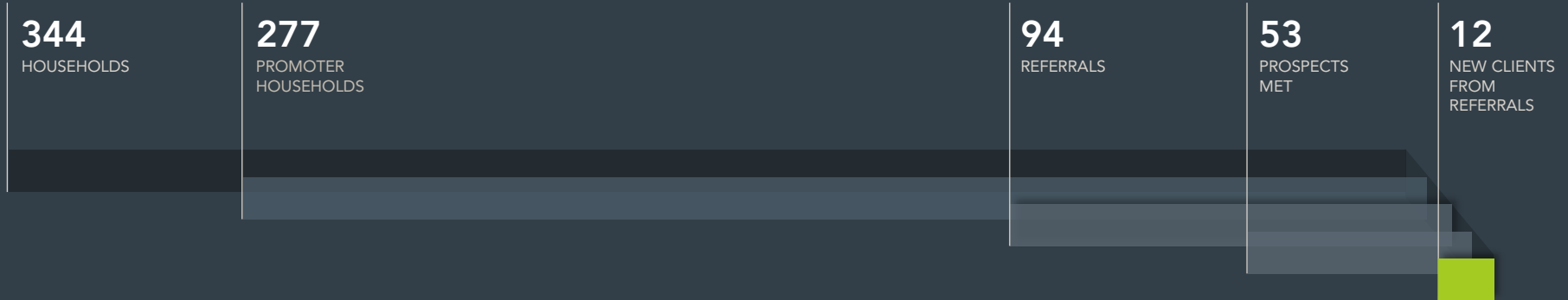
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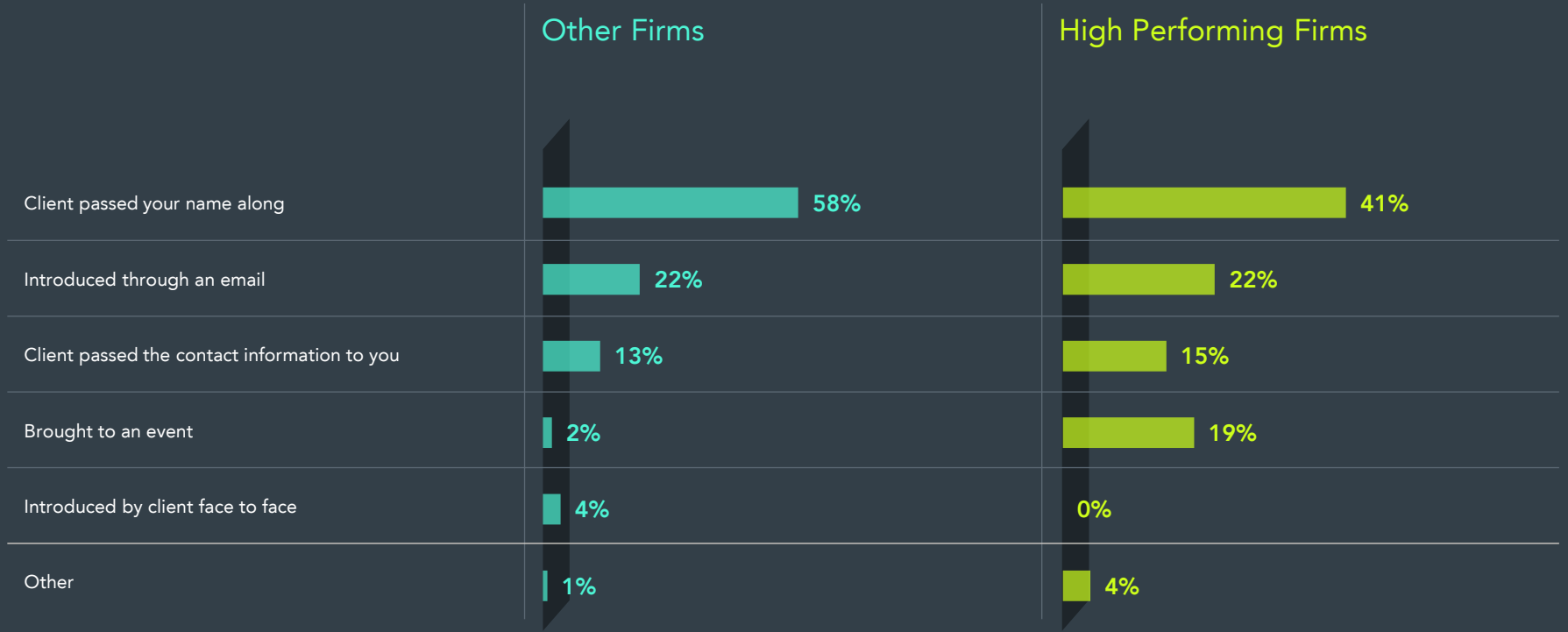


# The Referral Gap

Averages



# Over the past 12 months, what was the most common way your clients made a referral?

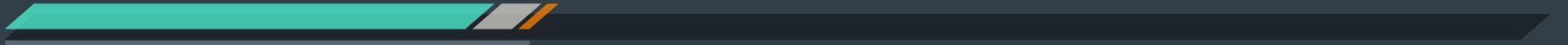


# Recommending Your Advisor

Over the past 12 months, have you referred a friend or colleague to your advisor?

## 24%

Have Recommended



Of those who have recommended:

Promoters	91%
Passives	8%
Detractors	1%

● Promoters    ● Passives    ● Detractors

# Recommending Your Advisor

Over the past 12 months, have you referred a friend or colleague to your advisor?

24%

Have Recommended

76%

Have Not Recommended

Of those who have not recommended:

Promoters


79%

Passives

16%

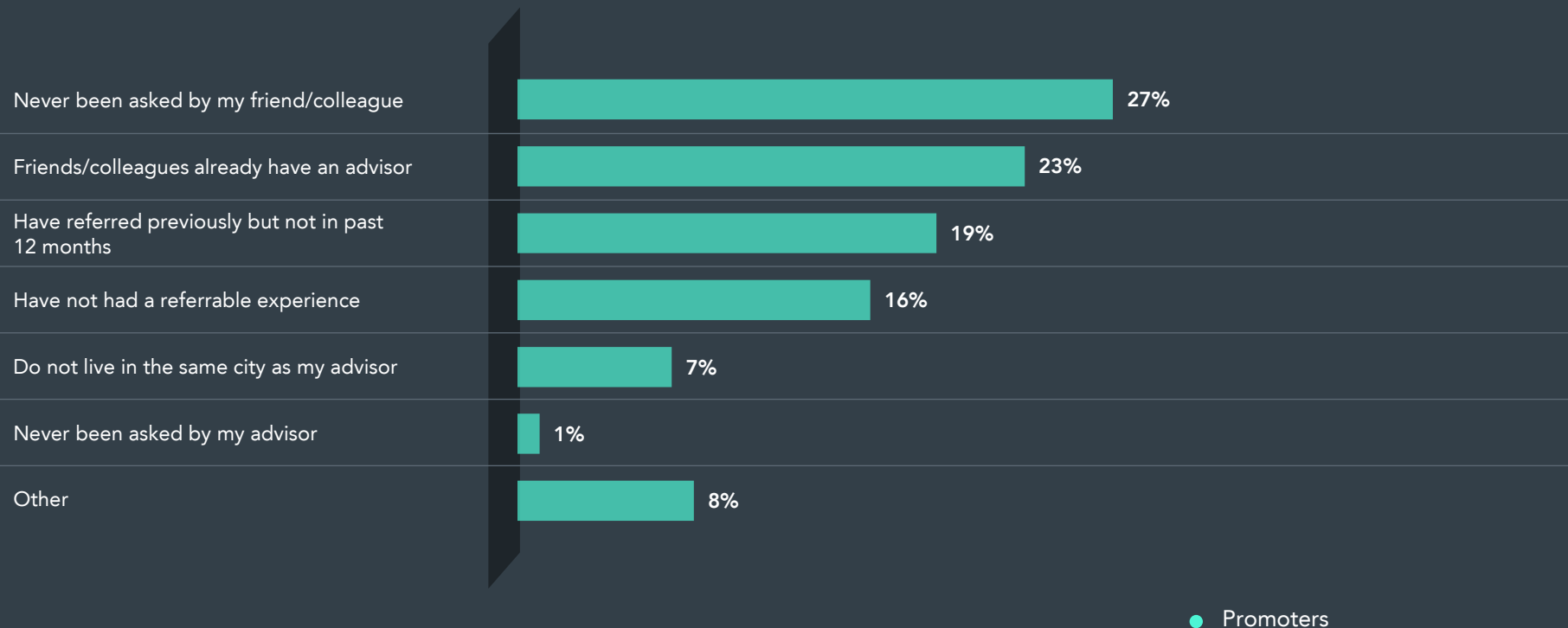
Detractors

5%

 Promoters  Passives  Detractors

# Why Not?

What is the primary reason you have not introduced a friend or colleague to your advisor?



# The Feedback Referral Process



## Prep

- Identify engaged clients
- Create target client profile
- Know your value proposition
- Write down the referral process
- Develop ideal introduction method

# Feedback Referral Meeting



1. When you think back on your original decision to use our firm over the other options you had, what were the main reasons you decided to trust us with such an important part of your life?
2. Now that you have been a client for a while, what do you feel is the most valuable thing that we provide to you and the people that you care about?
3. If someone were to ask you about the most important aspects of our business model – the things that truly make us different from other advisors – what would you tell them?
4. If we could focus on doing two things differently to make your experience with us better than it is today, what are those two things and why are they important?
5. When you think about our communication, how can we improve the way that we communicate with you to make your experience better and to make your life easier?
6. In what areas, if any, do you think we have significantly exceeded the expectations that you have had for us?
7. (after sharing your desire to grow and the number of new relationships you would like to bring on in the next year)  
From your point of view, how can I bring up the topic of referrals in a way that is comfortable to you?

# The Feedback Referral Process

Prep	1 to 1 Meeting
Identify engaged clients	Structure meeting on the basis of wanting feedback
Create target client profile	Share business plan & communicate capacity and growth
Know your value proposition	State your value proposition
Write down the referral process	State ideal client, and that you want to emulate
Develop ideal introduction method	Explain trigger scenarios
	Teach them how to make introduction



# The Feedback Referral Process

Prep	1 to 1 Meeting	Follow Up
<ul style="list-style-type: none"><li>Identify engaged clients</li><li>Create target client profile</li><li>Know your value proposition</li><li>Write down the referral process</li><li>Develop ideal introduction method</li></ul>	<ul style="list-style-type: none"><li>Structure meeting on the basis of wanting feedback</li><li>Share business plan &amp; communicate capacity and growth</li><li>State your value proposition</li><li>State ideal client, and that you want to emulate</li><li>Explain trigger scenarios</li><li>Teach them how to make introduction</li></ul>	<ul style="list-style-type: none"><li>Personalized thank you</li><li>Track referrals</li><li>Move to other segments of clients</li></ul>

## Building Blocks

Define your ideal target client using demographics and psychographics  
Build a value proposition around your target client  
How can you illustrate "Experiences with clients like me"?

## Client Meetings

Develop a client feedback loop  
Determine what is most impactful in the limited time you have with your clients  
Provide generational continuity of the financial plan

## Client Referrals

Have a dedicated process  
Focus on sense of security/peace of mind  
Do clients know how/when/who/why to refer?



# Managing *your* Practice

A Dimensional podcast series

Dimensional's podcast, *Managing Your Practice*, is dedicated to providing financial professionals with best practices in key areas such as driving growth, business efficiency, and the client experience.

EPISODE 2:

**Keeping Employees Happy & Engaged in a Virtual Environment**

EPISODE 5:

**Applying Lessons from 2020 to Grow Your Business Today**

EPISODE 10:

**Keeping an Eye on the Bottom Line: How your P&L Statement Can Help Guide Your Business Decisions**



# PRACTICE MANAGEMENT SYMPOSIUM

November 2-3, Austin, TX (*Partially Hybrid*)



## Topics

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- › Attracting and Retaining Talent
- › Fees and Profitability
- › Leadership Development
- › The Digital Landscape
- › Driving Diversity and Inclusion

## Typical Attendees

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- › Owners + Decision Makers
- › C-Suite/Dedicated Management
- › G2/G3 Talent
- › Lead Advisors
- › Business Development Officers

## Speakers

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KEYNOTE: Dr. Moira Somers,  
*psychologist, family wealth consultant,  
and executive coach*

### Featured Speakers:

- › Lisa Dallmer, COO Dimensional
- › Dr. Suzanne J. Peterson, *Partner, CRA | Admired Leadership*
- › Kamila Elliott, CFP®, *CEO, Collective Wealth Partners*
- › Kristen Hall Eskew, *VP Diversity, Equity, Inclusion & Belonging, One Digital*
- › Dr. Michael Kothakota, Ph.D., CFP®, *Head of Research, CFP Board*

## Breakout Sessions

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### Track A: The Power of AI

- › Part 1: The AI Landscape – Stephen de Man
- › Part 2: Case Study
- › Part 3: Panel discussion with SMEs in the AI/tech space

### Track B: Your Talent: What the Workforce Needs & Values

- › Part 1: 2023 GAS Findings
- › Part 2: Panel discussion with members of CFP, focused on the future of workforce talent

## Technology Providers

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- › Artificial Intelligence
- › Cybersecurity