



What Do You Do for Your Clients?

There has been a lot said and a lot written about Client Value Propositions (“CVPs”) for financial advisers. For me, the question of an appropriate CVP boils down to answering these two simple questions:

1. What do you believe that you do for your clients?
2. What do you think that your clients come to you for?

Before you read on, please write down your two answers to these questions. Your first test has been passed if you can do that clearly and succinctly. Your second test is whether the two answers are similar or at least consistent. OK, let’s proceed....

I think that in the post-FOFA world financial advisers will split into two distinct groups.

The first group will have adopted a CVP based on “WHAT” they provide. They will offer their clients investment advice, or wealth protection, or tax savings, or SMSFs or financial plans. It will be easy for them to define what they do and their branding, their websites and their taglines will be tailored appropriately. They may well be successful in attracting clients who are seeking investment advice, or insurance products, or a tax strategy or an SMSF or a financial plan. If this sounds attractive then you are probably in the majority and your business model will be not unlike the business model of most 20th century advisers: deliver tangible solutions, financial products and financial results to demonstrate value and earn income. It may also sound attractive because it fits with your technical knowledge and clever strategies.

The downside is that the “WHAT” space is crowded and dominated by advisers who work for large financial services organisations. This means that pricing and margins will be under pressure and so will your revenue. It also means that your client relationships are, by nature, temporary. Your value only exists while you are providing your product or your solution or while you can demonstrate the tax saving or alpha return you promised.

The second group will have adopted a CVP based on the “WHY” they believe they are in business for. They enjoy helping clients achieve their long term aspirations. They love working with clients who share all of their financial life with them and actually take their advice. It will be more difficult to define what they do but if you ask them they may answer: “I give them peace of mind”; “I give them something they can’t buy – time”; “I give them confidence in their financial future”; “I maximise the probability that they will achieve their financial outcomes”. If that sounds “airy fairy” then stick with the first group and your tangible products.

a question of success



If, however, the idea of delivering financial certainty to your clients in these uncertain times appeals to you then consider the benefits of the “WHY” proposition. Your clients, those people who come to you because of what you believe, will come to trust you and become clients for a long period of time. They will be happy to pay for your ongoing advice, with or without products, and provide profitable income (if you know how to price it). Your reliance on technical knowledge will be superseded with your knowledge of people, their drivers, their fears - and how to respond to them. Wow, wouldn't it be great to spend more time with your clients, clients who appreciate what you do for them?

I expect that the second group will form a minority of advisers and I also accept that not everyone will want their “WHY”. However, I believe that there are still plenty of Australians who are prepared to pay for that type of CVP – especially when they discover that such true financial advisers actually exist.

If you are in doubt as to which group you are in, or if you think that you do both, you could check the following:

- How do you charge your clients?
- What reading material is in your reception?
- What does your website say that you do?
- What do your clients say about you?

These are the best of times to re-think your CVP and build a business that is based on your beliefs. It comes down to mindset. What do you believe that do for your clients?