

Client Classification: The Business Essential

There isn't a business on the planet who could operate successfully over the long-term without paying attention to profitability. For that reason, it's a business essential that advisors not only understand profitability within their specific client relationships, but also how to build service models to support the various needs and expectations of these different types of clients. And, it all starts here.

The most basic client segmentation systems identify clients using a single letter or number -- clients are 1-2-3 or A-B-C level clients. This approach to client segmentation is founded largely on client profitability based on assets under management (AUM) or annual revenue generated. And, this is an excellent *starting* point for client segmentation.

When we dig deeper, however, you are able to further refine client segmentation to help achieve a higher degree of meaning as it relates to your client relationships. In other words, beyond profitability they bring different types of value to you and your business. This emphasizes the importance of overlaying a multi-dimensional client assessment – beyond profitability.



This refined classification involves assessing the **Attitude** and **Advocacy** of your best clients beyond the **Assets** so you can differentiate them from those who simply have the assets or income. Let's look now at how the "Triple A" approach works to create a meaningful framework for sorting and organizing all existing and future clients.

The Ideal Client and AAA Client Classification

When it comes to defining each of the "A"s in our "Triple A" approach, we use criteria congruent with how we would describe our 'ideal' or 'best' clients. Now we'll explore each of the "A"s and exactly what they mean.

The First "A"

The **first A** in this approach speaks to **Assets** (or income generated from all aspects of business with you).

Simply put: these are clients who met the 'money' criteria of segmentation (AUM or annual revenue). This group is best described as "Customers". In other words, they have an existing working relationship with you, they also have significant assets and/or income, but they don't work within the spirit of partnership we expect from our very best clients. These individuals do not reflect your 'best' relationships.

In many cases, you only manage part of the client's financial and investment needs. You need to demonstrate to "A" clients that you offer an exceptional experience with a trusted organization and can manage all of their financial and investment needs. The nice thing is that these people are typically your best prospects because they are already partially convinced. You don't have to start from scratch.

The Second “A”

The **second “A”** refers to **Attitude**, which over the lifetime of your working relationship with clients, is actually more important than assets or income. These are the clients that make you smile when they come in to see you because working with them is a pleasure - they make you continue to love what you do.

This is where we consider the following:

- Do they have a positive affinity towards you and your team as a whole?
- Do they empower you to guide them as it relates to financial advice?
- Do they focus on the value you provide instead of the cost to provide it?
- Do they follow your recommendations and appreciate the services you offer them?
- Do they possess the attitudinal traits that create a positive working relationship?
- Are they respectful, pleasant and cooperative when dealing with you and your team?

If the answers to these questions is ‘yes’ then this is a client who not only meets the **Asset** criteria for classification but also demonstrates a good **Attitude** towards you and your team.

These clients value you and the service you provide. However, something is holding them back from raving about you to their friends and families. Your goal with AA clients is to get them up to the AAA level by offering superb client service. You also need to show them how to introduce others to you. This can take time and patience, but the results will be well worth it.

The Third “A”

The **third A** stands for **Advocacy**. These top clients will frequently recommend your services. These Ideal Clients appreciate the merit of "buying into" a relationship with a professional, rather than simply "buying" things from a salesperson. They are extremely loyal and they feel they are doing a likeminded friend a disservice by not introducing them to you.

This group is best described as your very best clients – your true “Advocates”. They meet your asset and/or income criteria (**Assets**), are wonderful to work with (**Attitude**), and they frequently recommend your services (**Advocacy**). A partnership with a AAA client is extremely rewarding and they demonstrate a consistent willingness to introduce you to others thereby helping you continue to grow your clients. Make no mistake, these are your raving fans.

Once you are clear on the best way to segment your clients, you are in a better position to strategically provide proactive service levels aligned specifically for their profitability, expectations and needs. We will also be helping you with that very soon. For now, we are focusing on the creation of a client classification framework which is a great fit for you - based on where you are today and your overall vision for the business. This framework has to be meaningful to you and it has to make sense in order for it to truly serve you going forward. It will be the foundation upon which many of other the best practices are built on.