

# THE MINDSET METHOD

## PILLAR 1: Client Analysis



### Strategy 4 Rightsizing

*"As the gardner, be severe pruning, forces the sap of the tree into one or two vigorous limbs, so should you step off your miscellaneous activity and concentrate your force on one or a few points."*

Ralph Waldo Emerson

# Rightsizing

### WHY is this Important?

This approach to Client Analysis will help provide absolute clarity about where you are today as well as, identify the strategic decisions necessary to achieve your vision. It is fundamental and the work we take away here will significantly affect every other best practice we go through as well as, your core branding and messaging.

The Client Analysis will also clarify your business in terms of your teams' capacity to serve, which is necessary as we move into building a proactive service model for each of the different types of clients you serve. It is also an important tool in helping everyone on your team prioritize activities on a day-to-day basis.

Lastly, the Client Analysis is an excellent tool for annual benchmarking. It's one thing to know your AUM or production overall has increased, but it's another thing to know exactly where this growth has come from. This is where we focus on the *quality over quantity* mindset and look for specific growth in high value client segments, while also looking to reduce the total number of low-value relationships. This is the path to a higher AUM and profit margin per relationship.



### WHAT You Can Expect from this Best Practice

- Determine your current client mix
- Identify your most valuable clients
- Spend more time with the clients in your AAA, AA client groups
- Attract more preferred clients by concentrating your attention on your AAAs and AAs
- Implement a strategy for reducing the number of less desirable clients
- Think about clients and their impact on your business differently



# HOW to Get Started

## Rightsizing

The **maximum number of clients recommended** for any one Financial Advisor to manage is **150**. If you have substantially more than this right now, you should seriously consider the realignment process below OR see if it makes sense based on the number and profitability of the clients being realigned to shift them to another advisor on your team or hire a new financial advisor.

1. First, you may want to read more about [How Scarcity Enhances Your Branding](#).
2. Next, create a summary of all your relationships on the [Rightsizing Worksheet](#) using the criteria you defined when we created your Client Classification.
3. Analyze your Rightsizing Worksheet.
4. If you have recently rightsized, then the following criteria may not apply to you:
  - If the clients in your 'A' groups make up more than 30% of your total clientele, your Asset and Attitude Knock-Out Factors are too generous.
  - If there are more clients in your 'B' group than your 'C' and 'D' groups combined, then you have been too generous with your 'B' group threshold.
5. Ensure that anyone in the AAA group is a proven referral source.
6. Based on the results of your analysis, make any necessary adjustments to your Rightsizing Worksheet.
  - Revise your Client Classification Worksheet if you made any adjustments.
7. Assign a classification code to each relationship on your CRM.
8. Review the Realignment Process below for more information on how to progressively streamline your practice.
9. If a realignment process is not possible at this time, create a process for how you and your team will manage over-demanding, low-value customers.
10. Complete and review the worksheet once a year.

## The Client Realignment Process

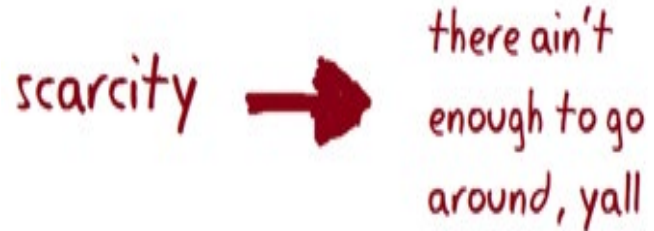
We have provided a couple of basic templates for client realignment related to rightsizing below. However, there is an entire best practice devoted to this with *many* more resources and templates (Agenda's, letters, cards, etc.) found in the **Build Your Dream Team** program in **Pillar 1 – Client Realignment**.

1. Plan and implement a client realignment strategy for the relationships in your 'D' group. This may include the following options: and
2. If you are realigning with another Advisor who works within your firm, but who is not on your advisory team, you can use the following to assist you:
  - Client Transfer Letter – New Advisor
  - Client Transfer Script – New Advisor
3. If you are realigning with an Advisor who is on your advisory team, you can use the Client Realignment Letter – Related Advisor.
4. If you are realigning with a call center or other resources within the firm (house accounts), make sure you follow the process as outlined by the firm. They should be able to provide you with a process of how to do so.
5. Progressively realign the remainder of your 'C' clients.
6. Determine net new assets every quarter.
7. Reassign an amount of assets equal to your net new assets from the 'C' client group.
  - For example, if you have \$1 million net new assets at the end of a quarter you can now reassign a number of your 'C' clients who in total represent \$1 million in assets.

# How Scarcity Enhances Your Branding

## Scarcity Defined

In the business world, scarcity is the term used to describe a situation in which there is greater demand than supply for a product or service. Professionals who build quality relationships and who follow excellent systems for being accountable to their clients can create scarcity in their business and thereby enjoy more free time.



The 'supply' of a professional is his/her availability. Your clients create 'demand' by requesting your time and services. Excess demand creates competition among your clients for your time. By limiting your availability and increasing demand for your time, you can differentiate between the clients who 'deserve' to see you face-to-face and the ones who just 'need' you. It is because people typically 'want what they can't have' that the scarcity concept works to increase your profitability while actually giving you more time to do the things you dream of.

## Why Does Scarcity Increase Business?

Creating scarcity in your office limits your time to meet with clients face-to-face. When you schedule meetings within specific hours of business, it leaves you time for planning, organizing, and of course, enjoying yourself. This will actually increase your business. Why? You are seen as a professional who is in demand. By design, you are spending your time with the people who deserve it the most and keeping them happy. As a result, they are more apt to introduce you to their friends, family and colleagues.

Only by adhering to these disciplines will you properly benefit from the inescapable law of business productivity that 80% of your productivity comes from 20% of your activity. From there, you'll be pleasantly surprised that by booking lots of holidays and only seeing clients on certain days of the week, you will become far more productive and correspondingly, enjoy a higher income.

## Learning from Other Professionals

To understand how the concept of scarcity can benefit your business, think about the office hours of a chiropractor, lawyer, dentist, or doctor. What you notice is that many professionals have created scarcity by setting distinct office hours. Clients know exactly when their dentist, lawyer or doctor is available for an appointment and make arrangements to meet during these times.

You'll also notice that by bundling their appointments back-to-back on certain days, professionals gain more time away from the office for holidays or planning sessions. They have learned that by working efficiently, they are able to take more time for themselves or to have more appointments to generate more revenue. They have come to realize that they don't have to continually rearrange their office hours to attract and keep clients.

## 6 Steps to Create Scarcity & Increase Demand for Your Services

1. **Classify your clients.** Assign the appropriate levels of service to each classification.
2. **Abide by the rules** that you created when you classified your clients.
3. **Establish office hours and communicate them to your clients.**
  1. You are a professional and deserve the same courtesy as other professionals.
  2. If you make an exception to your office hours, be sure that your clients are aware this is an exception to your usual practice.
4. **Decide where you will meet your clients.**
  - a. To create scarcity, clients should visit you in your office.
  - b. Only visit a client in their home for a good reason: you may want to make an exception for clients that are elderly or handicapped.
5. **Allocate a reasonable - but not excessive - amount of time for each appointment.**
  - a. One hour is ideal for most appointments and 30 to 45 minutes may be sufficient for follow-ups.
  - b. When booking the appointment, tell the client or prospect how much time you have scheduled for them.
  - c. Put the time frame for the appointment on the top of your meeting agenda and tell your clients how much time has been set for the appointment as you get underway.
  - d. If the appointment starts to exceed the time allowed, then end the appointment on time and schedule a follow-up appointment.
  - e. Always end your appointments on time, even if you aren't scheduled for another appointment.
    - i. Ending on time shows respect for your time and your client's time.
    - ii. How does it look to a client if you have the leisure to "chat" with them all afternoon?
    - iii. They are likely to wonder why you don't you have anything else to do with your time.

# Rightsizing Worksheet

This resource is an Excel spreadsheet tool that will help you analyze your business based on the classification framework you created in the previous Best Practice: Client Classification.

Simply fill in the information where the numbers are red, and the rest of the results will be automatically calculated for you.

This tool can be easily downloaded from the website.

Rightsizing Worksheet								MINDSET consulting
Complete this worksheet by filling in the red fields below.								
All other calculations will be done automatically.								
Client Classification	Households per Group	% of Total	Total ASSETS per Group	% of Total	Avg. AUM per Group	Total REVENUE per Group	% of Total	Avg. Income per Group
AAA	1	4%	\$1	4%	\$1	\$1	4%	\$1
AA	2	7%	\$2	7%	\$1	\$2	7%	\$1
A	3	11%	\$3	11%	\$1	\$3	11%	\$1
AF	4	14%	\$4	14%	\$1	\$4	14%	\$1
B	5	18%	\$5	18%	\$1	\$5	18%	\$1
C	6	21%	\$6	21%	\$1	\$6	21%	\$1
D	7	25%	\$7	25%	\$1	\$7	25%	\$1
	28	100%	\$28	100%	\$1	\$28	100%	\$1
	TOTAL Relationships		TOTAL AUM		Average Assets per relationship	TOTAL Revenue		Average Revenue per relationship

# Client Transfer Letter – New Advisor

*Use this Transfer Letter for clients being realigned to a Financial Advisor outside of your team.*

Date

Name

Address

Address

Address

Dear [Client Salutation]:

Recently, we have made some changes to our practice as it relates to our overall approach to financial planning and wealth management. In making these changes, we recognize our new approach is not well suited for some of our existing clients. Therefore, after careful consideration, we've determined you will be better served by a Financial Advisor whose approach is more suited to your specific investment needs.

Please know that we don't make these types of changes without careful consideration of how it will impact our practice and our clients. To ensure you have uninterrupted access to a qualified financial professional, we have transferred your account to [New Financial Advisor].

We are confident [New Financial Advisor] will be a valuable resource to assist you in achieving your goals. We have enclosed a copy of [New Advisor]'s biography and business card as a preliminary introduction to them.

[New Financial Advisor] will be calling you shortly to introduce him/herself, set up an appointment to meet with you and discuss any questions that you may have.

We thank you for your trust and confidence over the years and wish you the very best.

Yours truly,

[Your Name]

[Your Title]

Encl.



# Client Transfer Script - New Advisor

*This script can be used by the New Advisor as a follow up to the Client Transfer Letter sent.*

- [Transferred Client], please?
- Hello, this is [New Advisor] calling from [company].
- You should have received a letter from [Former Advisor].
- Did you receive it?

## If YES:

- In that letter, [Former Advisor] mentioned I would be calling you.
- I am looking forward to establishing a good working relationship with you, so I can help you achieve your financial and lifestyle goals.
- Most of my other clients are in similar situations, so I will be in tune with your needs and objectives
- Furthermore, like [Former Advisor] I too work with [company], so you will continue to have access to all the resources of the company that you are used to
- [Former Advisor] has sent me your files and I would like to meet you in person so we can get to know one another, and so that we can discuss your current financial situation and your goals.
- Is it convenient for you to meet the week of [2 weeks from date of call]?
- We have availability at [give one time].
  - *If not convenient look for alternatives.*
- As you know, we are located at [your location]. My office is (explain where in relation to Former Advisor's office).
- Thank you for your time, we look forward to meeting you on [date] at [time]

## If NO:

- OK. In that case can I please confirm that your address is:
- This is a little awkward, but the letter is going to tell you [Former Advisor] has been reviewing their clientele and in light of recent changes made to the practice, thinks we are better suited to work together. In other words, [Former Advisor] believes I am better suited to meet your investment financial planning needs.
- I'm going to have [Former Advisor] send you another copy of the letter and I will call you again later to schedule the meeting.

**Note: Keep this call short and to the point. The goal for the call is to get them into your office so you can establish a relationship with them.**

# Client Realignment Letter - Related Advisor

*Use this Transfer Letter for clients being realigned to another Financial Advisor on your team.*

Date

Name

Address

Address

Address

Dear [Client Salutation]:

Recently, we have made some changes to our practice as it relates to our overall approach to financial planning and wealth management. These changes mean we will be able to better serve our clients and deliver more personalized financial guidance, advice and solutions.

We have carefully reviewed all of our clients based on their investment and financial planning needs to ensure they are aligned appropriately with a financial professional within our practice.

After careful consideration, we feel you will be better served by [Financial Advisor], a Financial Advisor in our practice. We've included a copy of our Introduction Package including an update on our team and more information about [Financial Advisor's].

[Financial Advisor] is looking forward to working with you and is committed to proactively helping you achieve your financial and lifestyle goals. He/She will be calling you shortly to introduce himself/herself, set up an appointment to meet with you and discuss any questions that you may have.

I would like to thank you for your trust and confidence over the years and know that [Financial Advisor] will do a great job in meeting your future investment and financial planning needs.

Yours truly,

[Your Name]

[Your Title]

Encl.

# Strategy 4 Self-Assessment



- 1) Rightsizing is based on applying the work you completed in the Client Classification best practice:  
☐ True ☐ False
- 2) The detailed analysis in this best practice is focused on one very important worksheet called:  
☐ How Scarcity Enhances Your Branding  
☐ Client Transfer Letter – New Advisor  
☐ Rightsizing Worksheet  
☐ None of the above
- 3) How often should you update this analysis?  
☐ Monthly ☐ Annually  
☐ Quarterly ☐ Bi-Annually
- 4) Which clients should be the initial target for realignment to someone or somewhere else?  
☐ A ☐ C  
☐ B ☐ D
- 5) The recommended limit for the number of clients per Financial Advisors is:  
☐ 100 ☐ 200  
☐ 150 ☐ 250
- 6) The purpose of this best practice is:  
☐ Understanding profit margins for each type of client you serve  
☐ Identify how many of each type of client you serve  
☐ Help you be strategic with your time, energy and resources going forward  
☐ All of the above

## My Action Items & Notes

[illegible]