

# 7 Key Practices to Help Grow Your Business

A guide to achieving growth and sustainability in your practice

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Though the road to becoming a growth-oriented firm can seem long and complex, “7 Key Practices to Help Grow Your Business” highlights some of the steps advisors can take to help reach their personal and professional goals for growth and success.

- 1 **DEFINE YOUR GOALS AND LEAD WITH CONVICTION**
- 2 **IDENTIFY YOUR IDEAL CLIENT**
- 3 **COMMUNICATE YOUR VALUE**
- 4 **CREATE A SCALABLE BUSINESS**
- 5 **MARKET CONTINUOUSLY**
- 6 **ASK FOR AND RESPOND TO FEEDBACK**
- 7 **USE STRATEGIC PARTNERS**

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# 1

## Define Your Goals and Lead with Conviction

In order to start creating a business for tomorrow, you need to understand where your business stands today. Business planning is integrally linked to your professional and personal objectives and goals. Setting and reaching relevant goals means you need to be confident in your values and convictions, integrating into your plan what is important to you in both life and business.

Ask yourself how each decision gets you closer to reaching your vision, then embrace them as opportunities to display leadership. You'll find these opportunities arise during unexpected market events or when major changes need to take place in your business (such as organizational shifts and back-office systems changes).

Planning your goals and leading your firm confidently to reach those goals is a circular and never-ending process.

### ASSESS YOUR IMPROVEMENTS CONTINUOUSLY

Set a reasonable timeframe to take a step back and look at the fruits of your planning labor. You may want to start with a semi-annual or annual process to assess your improvements. Use that information to refine your goals and stay focused.

Combine your personal and business goals for an effective business plan. ▲

### HOW DO YOU LINK GOAL PLANNING TO PERSONAL AND PROFESSIONAL OBJECTIVES?

- Set personal goals. What is important to you in life? What makes you feel fulfilled?
- Link to your business goals. What do you want to accomplish with your business? How do your personal convictions define the type of business you want to build?
- Create and design your business plan to align with both types of goals.
- Align strategy, plans, people and processes with your plan.
- Execute consistently on the key elements of your plan.

# 2

## Identify Your Ideal Client

Take a holistic view of your current client base and ask yourself if you are working with the right people. Are you focused on your best clients and spending an amount of time with them that is proportionate to their value of your business? Or, are you serving too many unprofitable, high-maintenance clients? The key to growth and sustainability relies on your ability to clearly understand your existing client base and make sure you're focused on your ideal clients.

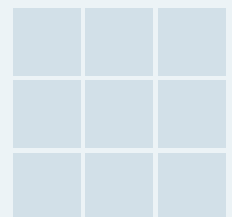
### Use the 3P Test:

Is the client Pleasant,  
Profitable and a Promoter  
of your business? ▲

#### ▲ SEGMENTATION IS CRITICAL TO GROWTH AND PROFITABILITY

Through segmentation analysis, you can:

1. Provide more insight into the sources of your revenue and how you can grow it
2. Uncover pricing or service discrepancies to address profitability issues
3. Understand if you're spending enough time with the right clients
4. Help define minimums and standards for new clients going forward to better reach growth goals
5. Refine the understanding of your ideal client to generate more qualified new business



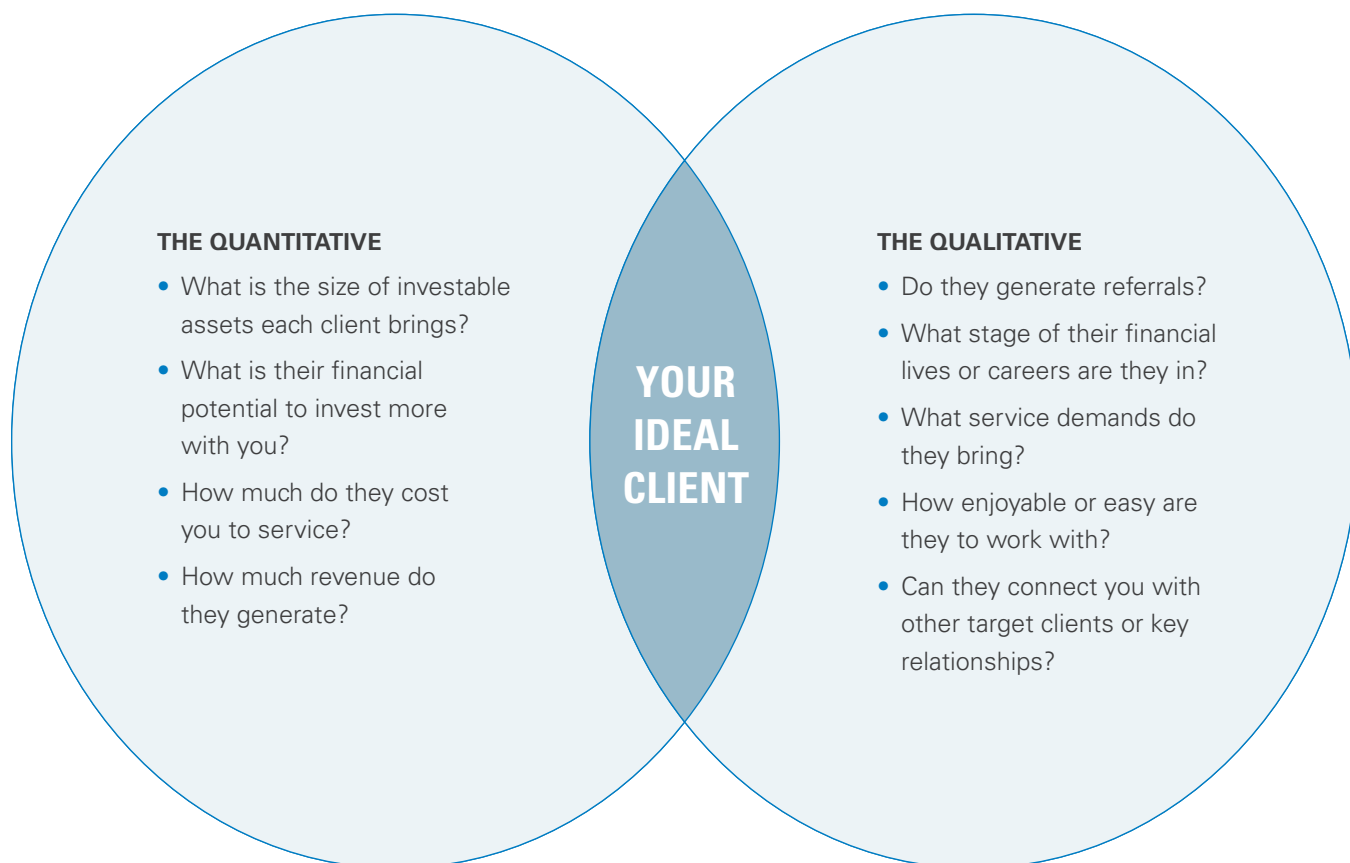
## PERFORM BALANCED AND TARGETED ANALYSIS

You can assess your client base in many different ways and you'll likely include qualitative and quantitative approaches. Through a simple and straightforward segmentation analysis, you will gain important insights about profitability and the profile of your ideal client.

Simple analysis will provide important insights. ▲

## FORM THE FOUNDATION OF A PROFITABLE SERVICE MODEL

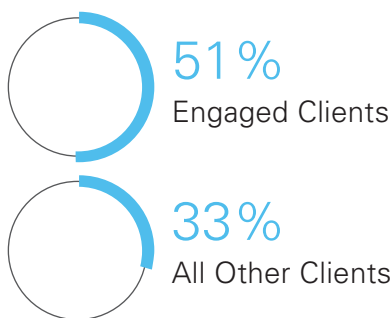
The key to building a service model that maximizes your time and profit is to capitalize on what you have learned from segmenting your client base. Now that you've identified your key client data and used it to build your ideal client profile, you can develop your optimal service model. The model should help you better align your current clients with your products and service offerings, as well as your principles and philosophy for the business. Ultimately, you'll engage more consistently and profitably because you'll have measurable criteria for working with clients, such as minimum investable assets and fees.



# 3 Communicate Your Value

Engaged clients are dramatically more likely to separate the value of their advisory relationship from their investment returns because they take a broader view of value. Their relationships with you are what survive through the ups and downs of the market and build a client base that is sustainable over time.

## CLIENTS WHO AGREE THEIR ADVISOR ADDS VALUE BEYOND MARKET PERFORMANCE\*



## DO CLIENTS UNDERSTAND YOUR VALUE?

Educate your clients on the rationale and relevance of your advice by instilling trust from the onset of your relationship. You can accomplish this by helping clients understand who you serve, and exactly how you serve them, to clearly communicate the value of what you do. Part of conveying your value means you need to set expectations with clients to ensure they do not expect

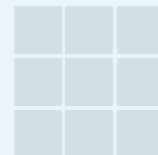
more than anticipated from your services. In surveys, clients often report they do not understand what kind of engagement they will receive from their advisors or how frequently they will receive services.\*\*

As you think about the service needs and expectations of your clients, ask yourself: What services meet my clients' needs, while still being profitable?

### YOUR VALUE IS NOT DEFINED BY PORTFOLIO RETURNS ALONE

You can enhance your client relationships by:

- Clearly communicating your service standards and meeting your commitments
- Being proactive, responsive and consistent in your communication
- Aligning clients' portfolios with their life goals and purpose
- Encouraging collaborative dialogue to identify needed solutions
- Positioning yourself as a leader and trusted partner



\*The 2012 Rules of Engagement study on financial advisors' needs and expectations, conducted by Advisor Impact and sponsored by AssetMark, Inc.

\*\*The 2014 Rules of Engagement study on financial advisors' needs and expectations, conducted by Advisor Impact and sponsored by AssetMark, Inc.

# 4

## Create a Scalable Business

Many advisory firms tend to operate as “client-reactive.” While it may sound good to be responsive to clients, it’s important to find a balance with other important growth activities; such as developing new relationships and driving new revenue-producing efforts. To find this balance, you need to embrace a different way of doing business, one that is more “process-driven.”

Creating a process-driven practice puts you in a position to spend more time on the critical revenue-producing activities that enhance your client services and allow for more business development. The result? You’re more proactive – anticipating and meeting your clients’ expectations with efficiency, clarity and consistency.

While transitioning to this business model can initially be difficult, it will lead to a more growth-oriented practice over time, helping to generate additional business, making you more referable and enhancing your current relationships.

### KEY QUALITIES OF PROCESS-DRIVEN FIRMS

- Staff spend time on things that take advantage of their strengths
- Less productive tasks are handled by automated processes, outsourced, or both
- Majority of advisor time is dedicated to client-focused activities

### A DIFFERENT WAY OF DOING BUSINESS

#### CLIENT-REACTIVE

**Staff responds regardless of cost or effort needed**

**Advisor personally spends time on administration, service and operations**

#### PROCESS-DRIVEN

**Clients are serviced based on clearly defined and well-documented procedures**

**Advisor spends a majority of time where she adds the most value and delegates the rest**

**VS.**



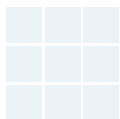
# 5 Market Continuously

## BE REALISTIC ABOUT WHAT YOU'RE WILLING TO DO

The number one reason some financial advisors do not attract clients consistently is that they don't commit themselves to marketing consistently.\*

Continuous, smart marketing focuses on developing a strategy to grow by design, which allows you to elevate, enhance and expand your business. You can build a repeatable structure for marketing activities with the following steps:

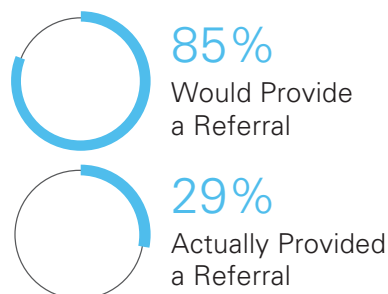
1. What are your marketing and broader firm goals?  
How can you align budgets, time frames and staff to execute on a goals-oriented plan?
2. Direct your efforts to defined targets. What prospects, current clients, or centers of influence will you engage?
3. Design specialized activities that will be relevant to your targets.
4. Implement consistently and monitor results to track progress and refine the process as you go.



## INTEGRATE AN ACTIVE REFERRAL STRATEGY

Referrals are the major source of new business for advisors. Yet, some advisors do not have a referral process. What's the key to generating more quality referrals as part of your marketing plan? There is a difference between a general willingness to refer and actually doing it. Most advisors simply rely on client referrals, instead of having a detailed strategy. You have to be willing to change your approach as part of a larger marketing plan.

## HOW COMFORTABLE ARE CLIENTS PROVIDING REFERRALS?\*\*\*



## What can you do to shift from a passive referral approach to an active referral engagement strategy?

1. Request personal introductions instead of contact information.
2. Target your most engaged advocates as referral sources.
3. Follow-up with prospects and referral sources.
4. Inform your referral source of all outcomes.
5. Execute consistently to build a referral culture.

\*"The Power of Practice Management," Matt Matrisian. © Copyright 2012, Genworth Financial Wealth Management. All rights reserved.

\*\*\*The 2014 Rules of Engagement study on financial advisors' needs and expectations, conducted by Advisor Impact and sponsored by AssetMark, Inc.

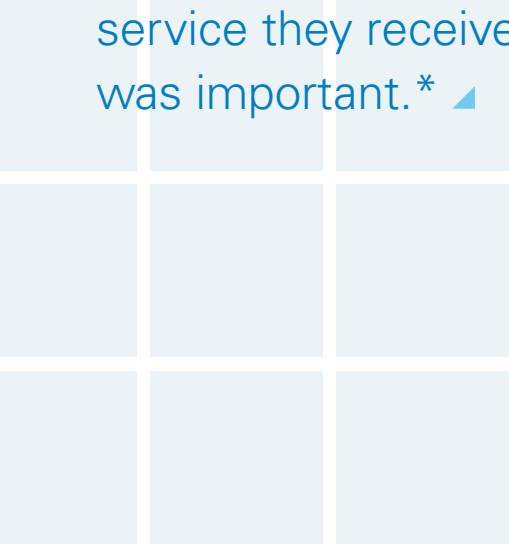


# Ask for and Respond to Client Feedback

Regularly asking for feedback will improve your client relationships by demonstrating that you value their opinions and want to involve them in your business-building process. This means addressing both positive and constructive comments, which can lead to valuable service improvements that deepen trust.

While every advisor has their own style of communicating with their client base, consider employing simpler ways to garner feedback. Keep in mind that the goal is to receive honest feedback you can use to make actionable business decisions on improving your clients' experience. This

70% of clients said that having the opportunity to provide input on the service they received was important.\* ▲



means asking questions about your practice that may not lead to the outcome you expected. Use online surveys, advisory boards and in-person review meetings with clients to capture the most quality feedback.

Always communicate the outcomes of the feedback clients provided, especially when you make improvements that directly address their needs as a result of their suggestions.

## **BENEFITS OF ENGAGING CLIENTS**

Advisors who engage on this level with their clients build much stronger, long-lasting relationships that retain and grow business. Fully engaged clients are fiercely loyal and average an 80% net promoter score, compared to all other clients who average only 17%.\* In fact, the correlation between engagement and referrals is so strong that Advisor Impact's research found that all clients who were fully engaged provided at least one referral in the last 12 months, compared to only 5% of all other clients.\*

\*The 2014 Rules of Engagement study on financial advisors' needs and expectations, conducted by Advisor Impact and sponsored by AssetMark, Inc.



# Use Strategic Partners

Regardless of the goals you have, it is key to balance both reaching your goals and servicing your clients to grow your business. Consider working with strategic partners to identify key areas where you can streamline everyday administrative responsibilities, back office technology, investment strategy and overall time for client engagement.

## **BENEFITS OF OUTSOURCING WITH STRATEGIC PARTNERS**

Outsourcing means you can focus more time on critical client-facing elements of your business, as well as on business management activities that drive you closer to reaching your long-term goals. Advisors who outsource investment management can positively impact their overall productivity and drive efficient growth within their practice.

Why are top-performing firms focused on getting the most out of their time with clients? Advisors whose firms do not outsource investment management activities often spend a significant amount of their time on manager research, portfolio construction and monitoring tasks. The ideal outcome of establishing strategic partnerships is to free up your time for revenue-generating activities that improve the bottom line.

## **MORE TIME WITH CLIENTS MEANS BETTER ENGAGEMENT AND BETTER RESULTS**

Better client engagement means more referrals, greater share of wallet and a higher likelihood of reaching asset and client growth goals. In fact, according to the 2014 Rules of Engagement study, 44% of engaged clients have advisors manage 75% of their assets.\*

## **GAIN INSIGHTS ON HOW TO DRIVE GROWTH**

You should always consider the monetary and operational costs of working with any strategic partner. Being motivated to make your firm operate more efficiently, and take advantage of missed opportunities for growth, should be the ultimate driver.

The goal is to do what you're best positioned in your firm to do – create great outcomes for clients.

At AssetMark, we use a simple **Business Assessment Tool** (see next page for sample) to help you identify the details around where your business is today. This approach will arm you with the knowledge to make better decisions about where to spend your time and align towards growth in the future.

### **ENGAGED CLIENTS = MORE REFERRALS**

79% of clients who felt engaged with their advisors provide referrals to friends and family.\*



\*The 2014 Rules of Engagement study on financial advisors' needs and expectations, conducted by Advisor Impact and sponsored by AssetMark, Inc.

# Assess Your Business to Evaluate and Improve Value

## FIRM FINANCIAL PERFORMANCE

## VALUE MAXIMIZATION INDEX™ AND VALUATION RANGE

## KEY PERFORMANCE INDICATORS

Jane Q. Advisor

### Business Assessment Report: Jan - Jun 2013

Firm Performance Relative To Firm Goals and Peer Group Benchmarks  
(note: all Firm Financial values are annualized)

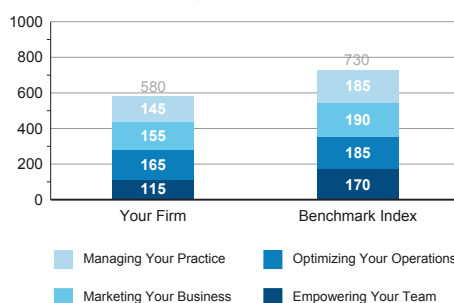


Peer Group \$250K-\$499K

Firm Financials	Your Firm	Your Goals	% of Goal	Benchmarks
Total Firm AUM	\$47,500,000	\$50,000,000	95 %	\$56,095,321
Total Clients	113	115	98 %	141
Recurring Revenue	\$260,000	\$300,000	87 %	\$391,043
Total Revenue	\$364,000	\$440,000	83 %	\$465,572
Total Expenses	\$284,000	\$340,000	84 %	\$367,394
Operating Profit	\$80,000	\$100,000	80 %	\$98,179
Projected Annual Growth Rate	11 %	12 %	92 %	24 %

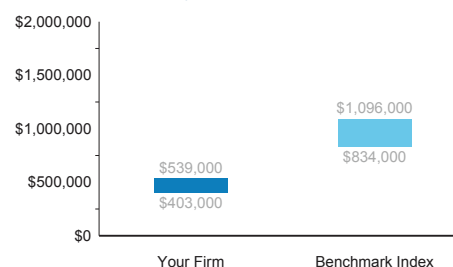
#### Value Maximization Index™

Firm Relative to Peer Group Benchmark



#### Valuation Range

Firm Relative to Peer Group Benchmark



#### Key Performance Indicators(KPIs): Firm Performance Relative to Goals and Peer Group Benchmarks

(note: a maximum of 9 KPIs are displayed, all values are annualized)

Metric	Jan Jun 2013	2013 Goals	% of Goal	Benchmarks
Recurring Revenue per Client	\$2,301	\$2,609	88 %	\$4,235
Recurring Revenue per Advisor	\$260,000	\$300,000	87 %	\$270,963
Total Revenue per Client	\$3,221	\$3,826	84 %	\$4,913
Total AUM per Client	\$420,354	\$434,783	97 %	\$556,138
Total AUM per Advisor	\$47,500,000	\$50,000,000	95 %	\$35,690,864
Profit per Client	\$708	\$870	81 %	\$893
Profit as a % of Revenue	22 %	23 %	97 %	21 %
Clients per Advisor	113	115	98 %	96
Revenue as BPs on Assets	77	88	87 %	108

Valuation ranges shown are for illustrative purposes only and in no way constitutes a guarantee of individual practice valuation by AssetMark. Actual practice valuation may vary from tool results. Visit <https://ewealthmanager.com/eWMLLogin/TermOfUse/PracticeManagementTermOfUse> to view the full terms for use for this tool.

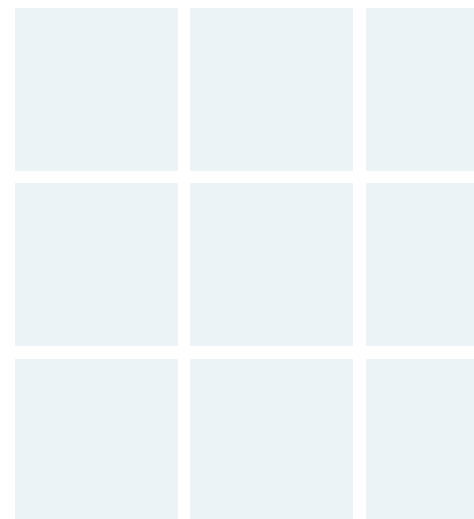
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# Growing Your Firm with AssetMark

Understanding how a strategic partner can be right for your firm means looking at how you can benefit in the short- and long-term to realize more efficiencies, profitability and growth for your business.

For 20 years, AssetMark has been a trusted partner to firms of all shapes and sizes. We employ a simple, yet thorough, assessment of your practice to help you align with the goals you have for your firm and offer a leading architecture investment platform with institutional-quality due diligence to help elevate your investment process. While some of the outcomes of working together may be as simple as streamlining account management tasks, reducing costs for certain processes or strengthening overall investment research, our broader goal is to understand you and your practice's needs. Ultimately, this would lead to a plan for you to achieve your vision of success personally and professionally.

Visit us at [AssetMark.com](http://AssetMark.com) to learn more about how we can help you and your firm apply these successful key steps to build a better business, or contact us at 800-664-5345. ▲

**AssetMark, Inc.**

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