

Practice Management—Your Client Communication Plan

Most advisors understand the importance of client communication. Regular and purposeful client communication demonstrates your commitment to keep your clients informed. A well-executed **Communication Plan** also creates opportunities to ask your clients to keep you informed. Your commitment to interface with your clients in a professional, consistent manner allows you to be informed of your clients' current situations, futures, feelings, and family dynamics so you can provide ideas, suggestions, and alternatives where appropriate.

Ultimately, a properly planned and executed **Communication Plan** enhances the Return on Investment (ROI) of your time.

Client Segmentation

The starting point for developing your communication plan is to segment your current client base. Common segmenters include:

- The client's current assets under management and contribution to revenue;
- Magnitude and complexity of the client's wealth (potential for future contribution);
- Community (political) influence; and
- Personal attributes.

The client's current contribution, as measured by assets you currently manage and current revenues, is important because it drives your ability to sustain and grow your business.

The size of the client's portfolio is also important, because the larger the size of the portfolio the greater the potential revenues from assets under management. The complexity of the portfolio is important, because the more varied a client's holdings (for example, interests in closely-held businesses, charitable organizations, trusts, and family limited partnerships), the more likely you are to be able to add value.

The client's sphere of influence also carries great weight. Influential clients can introduce you to others with significant net worth and needs for your wealth management expertise.

A sometimes overlooked consideration relates to the personal attributes that make clients attractive and interesting. Perhaps you enjoy working with clients who are sports aficionados,

wine connoisseurs, or food enthusiasts. Maybe entrepreneurs are your cup of tea, while an appointment with the heirs of old wealth is like a visit to the woodshed. Whatever your personal inclinations, it’s important to identify and honor them.

Below are some possible guidelines for the number of clients to be placed in each segment. Numbers may be adjusted based on your practice and your **Proactive Communication Rules** that are discussed below.

Client Segments	Number of Clients
A Clients	Top 30
B Client	Next 60
C Clients	All remaining client relationships to retain and expand

Segmentation guides development of a proactive **Communication Plan**. It is about delivering the level of communication each client needs.

Define Service Levels

After segmenting your clients, the next step is to *determine and differentiate your level of service* for each segment. This means determining the types of contacts and communications you will have with clients in each segment. Chances are, your “A Clients,” will receive the most attention in terms of face-to-face meetings, pro-active phone calls, mailings, and client events, while “C Clients” will receive less attention..

In addition to prioritizing client relationships based on segments, you must differentiate your level of communication for each client segment. There are three levels of communication that you can provide your clients; **Advisory, Consultative** and **Transactional**. Review the chart below for a definition of each level of communication.

Three Levels of Communication	
Advisory	You advise clients that you will work with them proactively to identify potential solutions to help them improve their financial situation.
Consultative	You invite clients to call you when they have questions or feel a need to discuss their financial situation.
Transactional	You suggest that if clients call, then you will do your best to quickly answer their questions or address their request.

The appropriateness of the communication level provided to each respective client segment is directly related to the retention and profitability of your client base. As always, communication should be based on doing what is best for the client.

The ideal communication level is when the **C Client** communication is **Transactional**, the **B Client** communication is **Consultative**, and the **A Client** communication is **Advisory**. Therefore, you need to match each client segment to the appropriate level of communication. In the following table, note how communication levels are targeted to the appropriate client segment for more effective time management.

Communication Level for Client Segments			
Client Market Segment	A Clients	B Clients	C Clients
Appropriate Communication Level	Advisory	Consultative	Transactional

Once you've segmented your client base and defined the appropriate level of communication for each client segment, the next step is to establish the **Proactive Communication Rules** for each client segment. Your **Proactive Communication Rules** need to accomplish the following:

- Establish regular client meetings to ensure an ongoing discussion of the client's wealth management plan to provide solutions when appropriate.

- Gain insight into each client’s current situation, future, feelings and family dynamics to validate against your historical records and make customized recommendations when necessary.
- Confirm the client is satisfied with the products or services provided, and that the appropriate communication and service is being delivered.
- Recognize “at-risk” clients to execute retention tactics before it’s too late.

There are two components to consider when establishing your **Proactive Communication Rules**.

1. The frequency of face-to-face contacts for each client segment.
2. The frequency and types of other contacts for each client segment.

How many days will there be between proactive communications? Review the table below as an example of **Proactive Communication Rules** for client segments.

	Day Rule	Face-to-Face	Phone	Written	Entertainment
A Clients	30	3	6	2	1
B Clients	90	1	2	1	0
C Clients	180	0	1	1	0

* **Day-Rule** - Number of days between proactive communications for each client segment.

Analyze your capacity to execute the **Proactive Communication Rules** you define for your client segments. The chart below provides an example of the number of annual and monthly contacts based on a book of 332 clients and the **Proactive Communication Rules** above.

	Number	Face-to-Face	Phone	Written	Entertainment
A Clients	37	111	222	74	37
B Clients	92	92	184	92	0
C Clients	203	0	203	203	0
Totals	332	203	609	369	37
Monthly Averages		17	51	31	3

The Bottom Line

Your time is your most valuable asset. The time you spend in front of clients is your most valuable time. Manage it carefully through a well-constructed and executed pro-active communication plan.

Practice Management and similar topics are covered in great detail in many of Cannon's professional development solutions. To find out more visit: www.cannonfinancial.com.

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