



Operationalizing the Delivery of Your Value  
2016 TRENDS IN PRACTICE MANAGEMENT WHITEPAPER



**BUSINESS START**

# An Action Plan

OPERATIONALIZING THE DELIVERY OF YOUR VALUE

## Introduction

This is the second in a series of three tactical whitepapers that focus on how you define, operationalize and transfer value. Each of the whitepapers draws on input from financial planners and advisers across the country, part of the on-going research of the FPA Research and Practice Institute™.

A detailed quantitative report was published in February 2016 — **2016 Trends in Practice Management: Understanding and Driving Client Value** — and is available here. During the next few months, you'll be better able to answer three important questions:

CRITICAL QUESTION	WHITEPAPER PUB DATE
 <b><u>Defining and Communicating Your Value: An Action Plan</u></b> How do you define and communicate your value in a way that sets you apart?	February 2016
 <b><u>Operationalizing the Delivery of Your Value: An Action Plan</u></b> What internal processes and structures need to be in place to support you in delivering value consistently and profitably?	April 2016
 <b><u>Monetizing Your Value: An Action Plan</u></b> How and when are advisers monetizing the value they have created?	May 2016

Each whitepaper incorporates feedback from 706 respondents from across the country and across channels, including both FPA members and nonmembers. Participants responded to an online survey conducted in November 2015. A comprehensive participant profile can be found in the **main quantitative report**.

OPERATIONALIZING THE DELIVERY OF YOUR VALUE

# Your Value Is Your Promise

Defining and communicating your value is an important exercise for advisers and one that was reviewed in the **first whitepaper**. Think of that value as taking the form of a promise that you are making to your clients and, by extension, to your prospective clients. The question is, how do you ensure that you are delivering on your promise?

Value is more than words, it comprises the processes and structures that you put in place to ensure that you are delivering consistently. A statement of value (the 'what') without a clear process (the 'how') is a false promise.

In this whitepaper we'll examine three concepts that relate to how you are delivering on value.



**1. Process: Delivering Value.** Have you defined, standardized and, ideally automated the processes that will allow you and your team to deliver on your value proposition consistently and to a high standard?



**2. Team: Supporting Value.** Have you built a team that can execute on your value proposition and provided them with the tools and accountability to add significant value?



**3. Tracking: Measuring Value.** Have you defined the key metrics in your business that contribute to value and then tracked and shared that information with your team?



OPERATIONALIZING THE DELIVERY OF YOUR VALUE

## Process: Delivering Value

1 OF 6

In the first whitepaper we pointed out that value is an experiential process and is co-created by advisers and their clients. And while it's easy to think about value as being focused in the technical work that you do (e.g. providing a meaningful financial plan), it's more than that. Value is both experienced and reinforced in every interaction clients have with your business, from the moment a prospect becomes aware of who you are, through on-boarding, plan development and on-going client management.

For that reason, process is very important. We define process as the specific steps that are defined, followed and (where possible) automated to deliver on your client experience. It is about efficiency and standardization, but also about leaving enough 'wiggle room' to delight and surprise your clients.

### When we define process we ensure that:

- Clients receive a consistent level of service
- Nothing falls through the cracks
- Routine tasks are automated
- You are proactive in the execution of client service, eliminating or reducing the extent to which you must 'react' on a daily basis
- Team members are clear on their roles

We asked advisers in which areas they have defined clear processes, breaking those down into activities related to compliance, client management and growth. While the overall results are shown in the following, it shouldn't be surprising that the extent to which processes are clearly defined is connected to the size of the firm. The larger the firm the more likely processes are to be standardized.

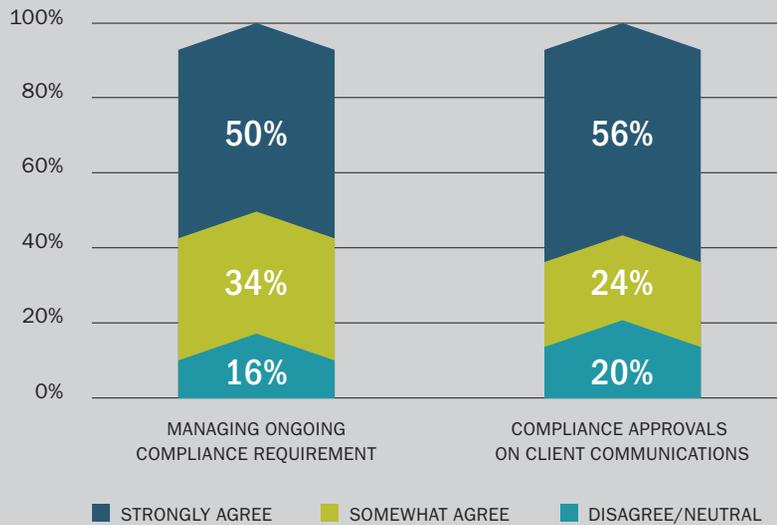
# Process: Delivering Value

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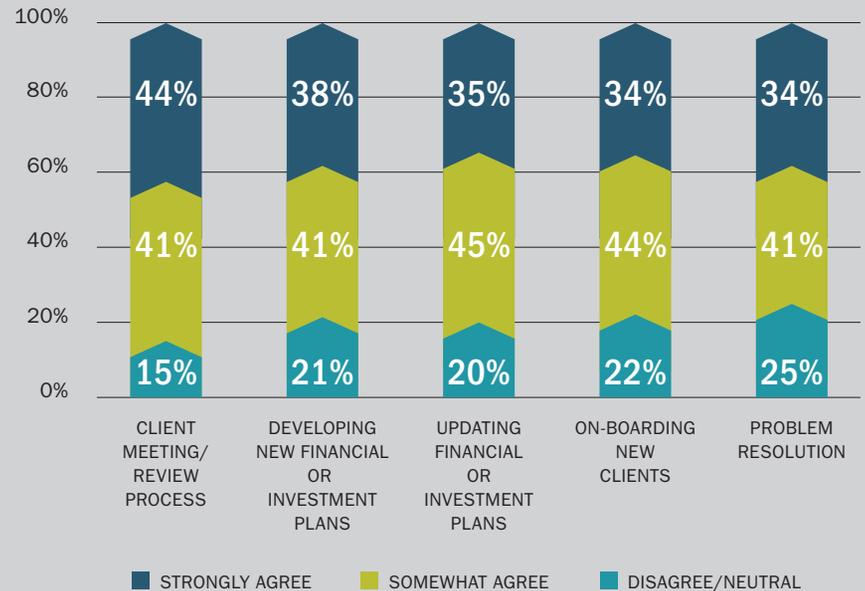


QUESTION: To what extent do you feel you have established routine processes in each of the following areas?

## COMPLIANCE



## CLIENT MANAGEMENT

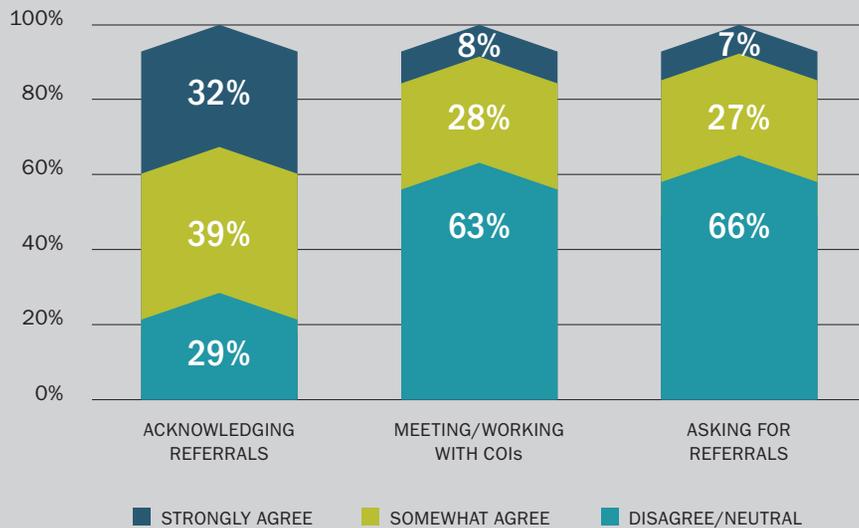


# Process: Delivering Value

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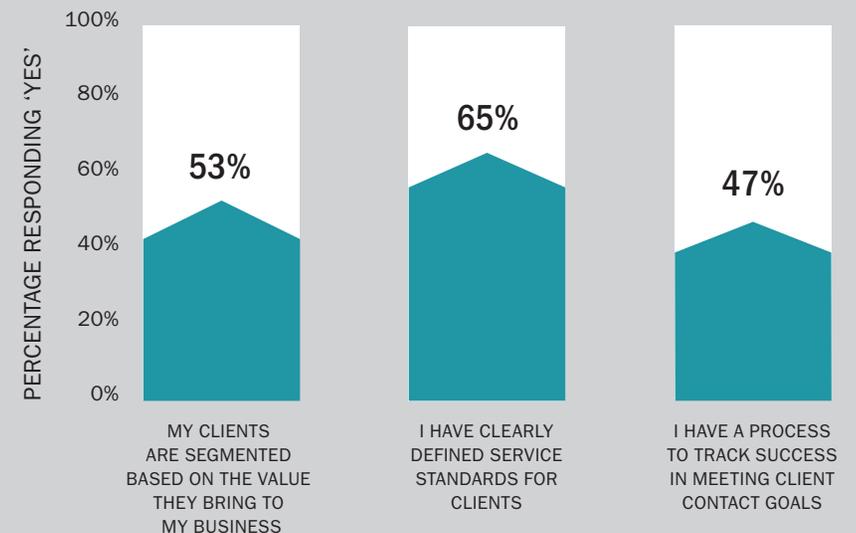
## GROWTH



Client management is perhaps the most obvious area of focus when we are examining value; however, the adviser response in this area was somewhat muted. While a majority of advisers indicate they have some level of process in place, the data suggests there is room for improvement.

Critical to delivering on value is ensuring there is a process in place that aligns the value of the client with the scope of service. While two-thirds of advisers say they have set clearly defined service standards, only half have segmented clients or created a process to track if they have successfully met those contact goals.

QUESTION: Which of the following do you have in place today?





OPERATIONALIZING THE DELIVERY OF YOUR VALUE

## Process: Delivering Value

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***The Goal:** Define, standardize and, ideally, automate the processes that will allow you and your team to deliver on your value proposition consistently and to a high standard.*

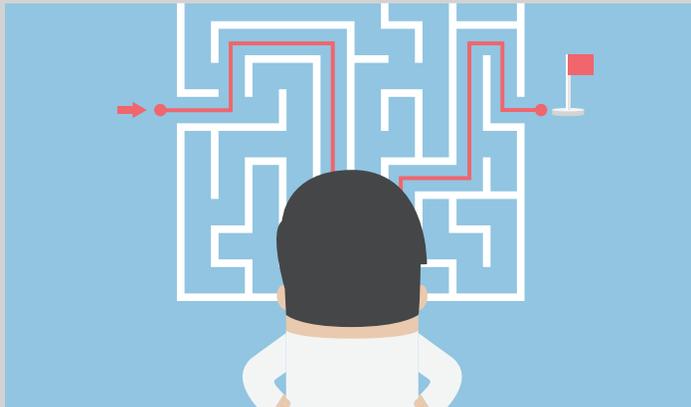
### 1. Map out your client journey.

A good starting point when defining process in a business is to start with the end in mind. Process should support an outstanding client experience so defining what ‘outstanding’ really means is a critical first step. Client journey mapping is a good exercise because it asks you to define your total experience. Consider the following and define what great looks like in your business at every stage.



# Process: Take Action

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## 2. Identify key processes.

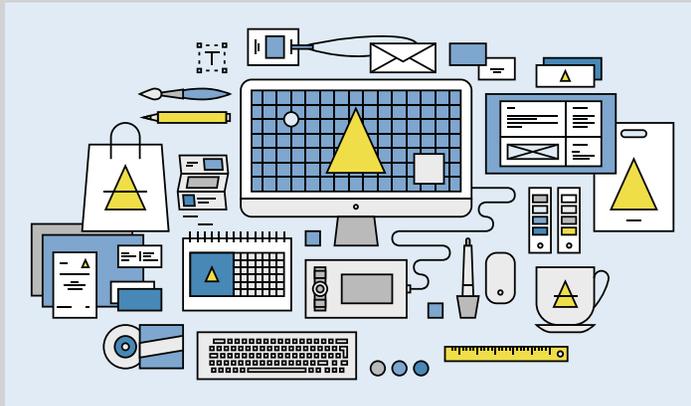
Once you have defined your ultimate goal for each part of the client journey, identify the processes and procedures that you may want to define for each step. Those might include processes such as on-boarding, client reviews, problem resolution or they could include procedures such as how you run a client workshop or share content on social media.

## 3. Define each process.

For each process you identified, define the following: what are the steps, what is the timing between the steps and who is responsible?

# Process: Take Action

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## 4. Standardize and automate.

Review each process and identify what templates you might need to create (e.g. a standard meeting agenda that is sent to clients) and if and how the process can be automated.

Remember that a well standardized process needs to leave room for creativity and judgement. As much as we want to create efficiencies, it's important to provide the team with the ability to surprise and delight clients along the way.

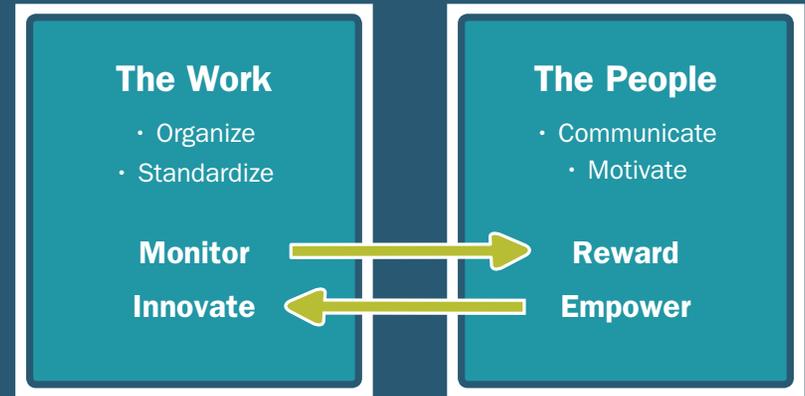


OPERATIONALIZING THE DELIVERY OF YOUR VALUE

## Team: Supporting Value

1 OF 7

When we think about delivering on value in an efficient and meaningful way, it's hard to separate the role of process and team. Process is all about the work and the extent to which it can be organized, standardized and monitored. The team is rewarded for successful implementation. On the other side, team is obviously about the people and the extent to which we communicate and motivate while empowering them to innovate the process.



To examine how teams are being used to deliver value, we asked advisers about how teams were structured and their hiring plans. Beyond those more structural issues; however, we focused on if and how advisers are developing and motivating their teams.

With respect to hiring, advisers are focused on three roles: client service, administration and associate advisers. As firms face the dual challenges of managing larger client bases while continuing to expand, associate advisers are a popular choice when it comes to growing the team.

	WHAT WAS YOUR LAST HIRE?	WHAT WILL YOUR NEXT HIRE BE?
Client Service	11%	8%
Administration	19%	10%
Associate/Junior Adviser	16%	22%

# Team: Supporting Value

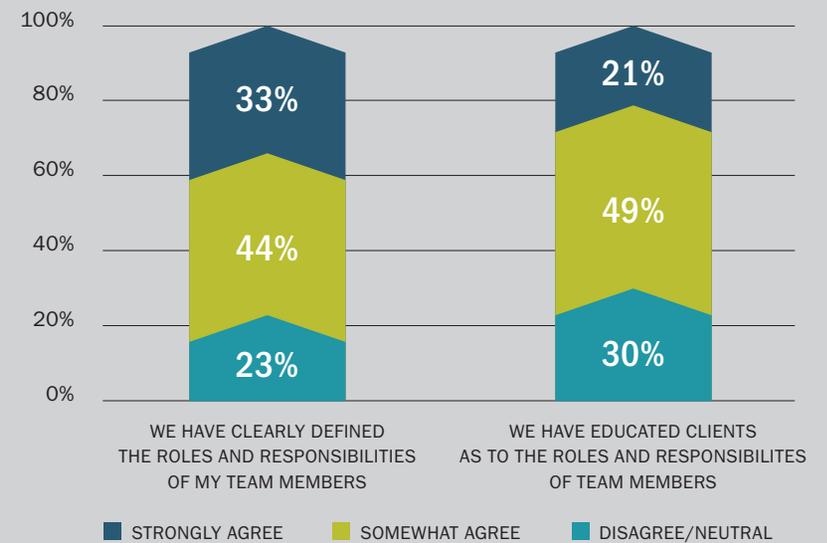
## Roles and Responsibilities

2 OF 7



A third of advisers say they have structured the roles and responsibilities of team members; however, only 21 percent of advisers say they ‘strongly agree’ that they have educated clients as to those roles and responsibilities.

QUESTION: Please rate the extent to which you agree or disagree with the following statements



# Team: Supporting Value

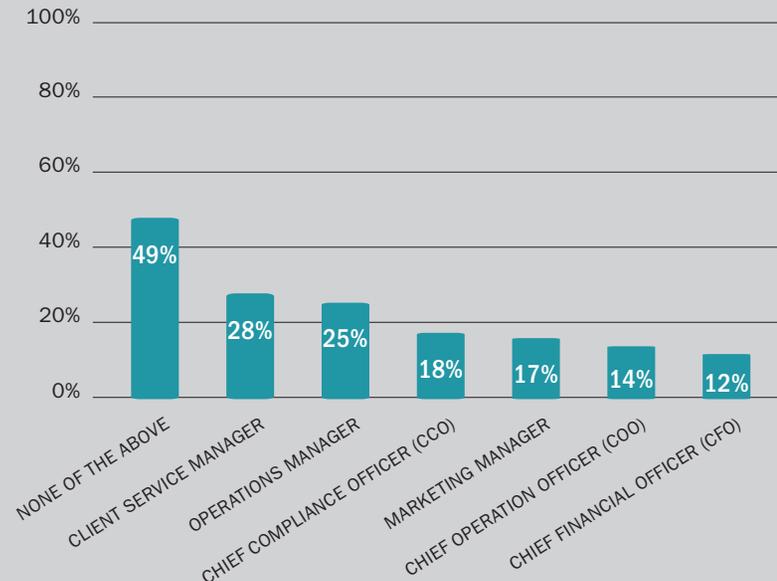
## Roles and Responsibilities

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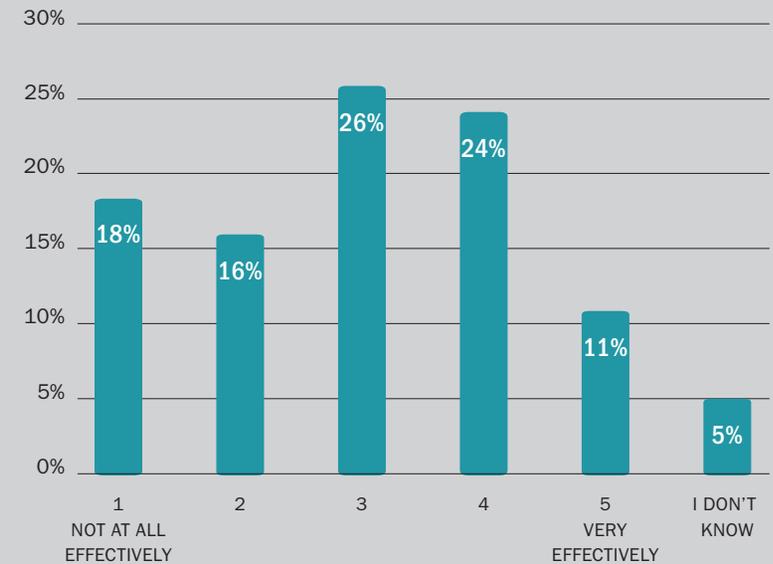
Just over half of advisers report having a non-adviser management position, primarily focused on client service and operations. Team size plays an obvious role here. The largest teams/firms (those with ten or more people) were most likely to have a CCO, client service and operations management; however, firms with non-adviser management roles are still in the minority, irrespective of size.

QUESTION: Which of the following dedicated management roles do you have on your team (not fulfilled by an adviser who also has client management responsibility)?



There is a stark and important difference between defining roles and creating true accountability on the team. An interesting test to determine if the team has been empowered to run the business is to assess if the adviser can be away for an extended period of time. Eleven-percent of advisers indicate that would be no problem at all.

QUESTION: If you were unable to work for an extended period of time, how well would your business operate in your absence?



# Team: Supporting Value

## Roles and Responsibilities

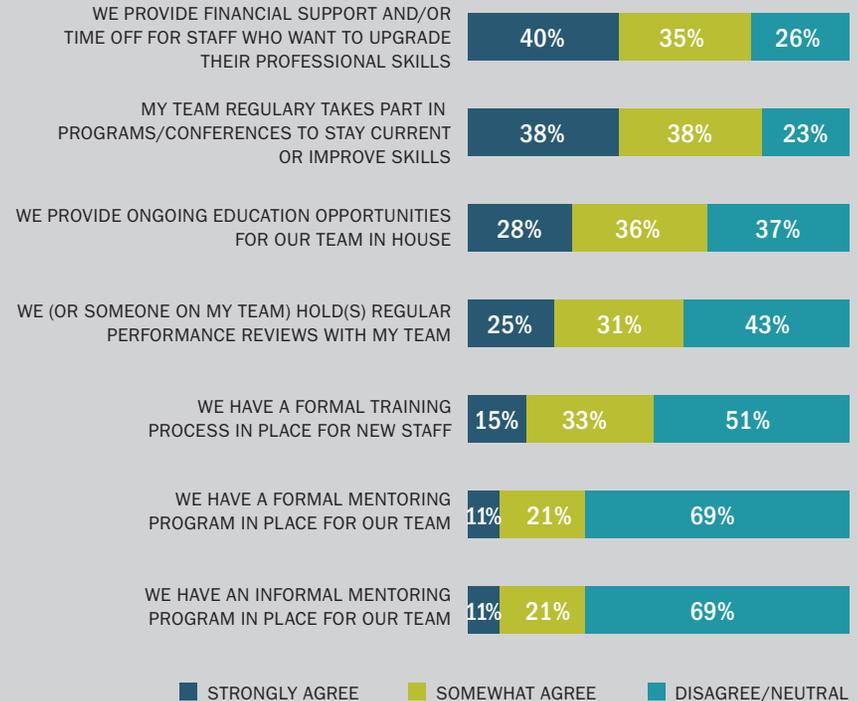
4 OF 7



While structuring the team is an important first step in delivering on your value, a less obvious but equally important step is ensuring that the team is motivated and empowered. It is the team that brings the process to life and creates deeper connections with clients; they are the living, breathing embodiment of the value promise you make.

For that reason, we asked advisers how they are developing their teams, either formally or informally. Advisers are most likely to provide financial support to upgrade professional skills; far fewer offer formal training or mentoring.

QUESTION: Please rate the extent to which you agree or disagree with the following statements.

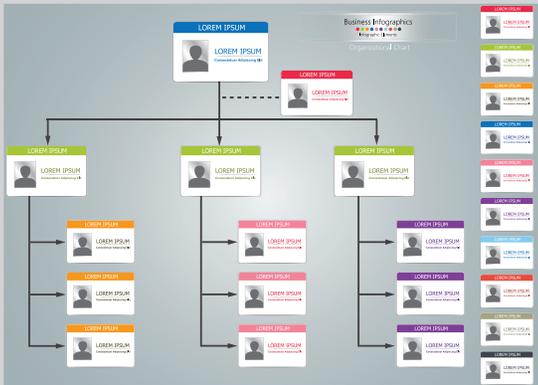


# Team: Take Action

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*The Goal: Build a team that can execute on your value proposition and provide them with the tools and accountability to add significant value.*



## 1. Start with the end in mind.

Create a team that will support how you want to deliver on the client journey you defined. What are the roles that will allow you to deliver effectively and what are the skills that are required? A common approach is to build team roles around the perceived skills and personality of the existing team but this may not highlight the gaps. Instead, consider starting with the roles that need to be in place, creating an organizational chart without names.



## 2. Identify gaps.

- What skills are required to deliver with excellence (e.g. are there technical or inter-personal skills required)?
- What are the roles required to deliver on this experience?
- Who fills those roles today and do they have the skills and support that they need to do an outstanding job?

# Team: Take Action

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## 3. Define accountabilities.

In addition to defining your roles, define the accountabilities that will be required to deliver on your value promise. In particular, ensure someone on the team has over-arching responsibility for the client experience.



## 4. Create a performance review process.

A performance review process is both a way to say ‘thank you’ and a way to improve performance. When you are evaluating your team members, ensure that you cover all the bases, which may include: performance objectives, competency/development objectives and personal development objectives.

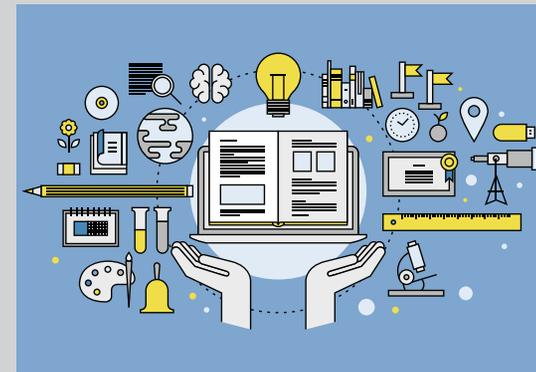
# Team: Take Action

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## 5. Invest in development.

At a minimum, create a budget that each team member can use for professional development. If you have the scale to create a formal training or mentoring program then you are ahead of the game, but formalize some element of professional and personal development.



## 6. Educate clients.

Help clients understand the roles on the team and, in the process, ensure that you are communicating a team approach to adding value to the relationship.



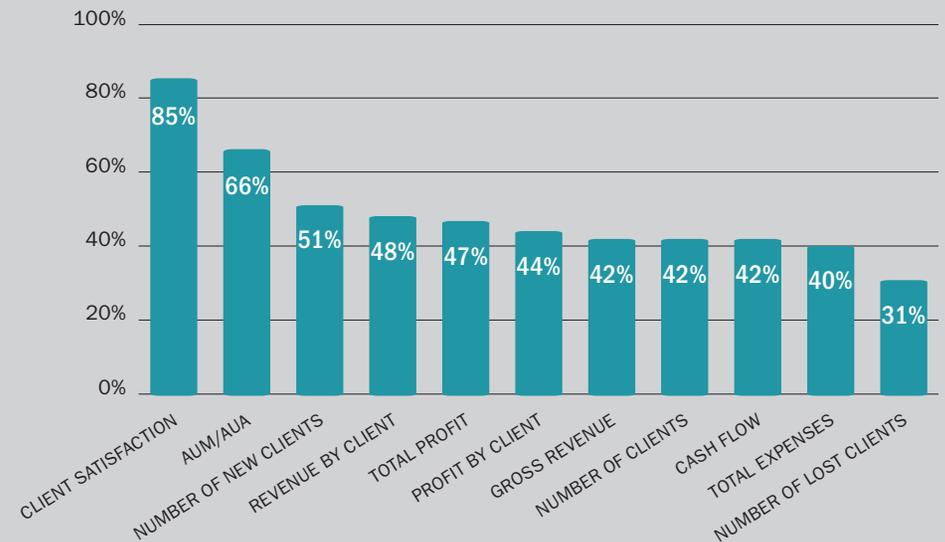
OPERATIONALIZING THE DELIVERY OF YOUR VALUE

## Tracking: Measuring Value

1 OF 5

To this point we've focused primarily on the processes and structures that will positively impact client value; however, it's also important to consider the overall value of the business. That process begins with a clear understanding of the things that impact value - for clients, for you and for your team. Overall, advisers say that client satisfaction is the biggest driver of value in the business.

QUESTION: Which of the following do you believe has a meaningful impact on the long-term value of your business?



# Tracking: Measuring Value

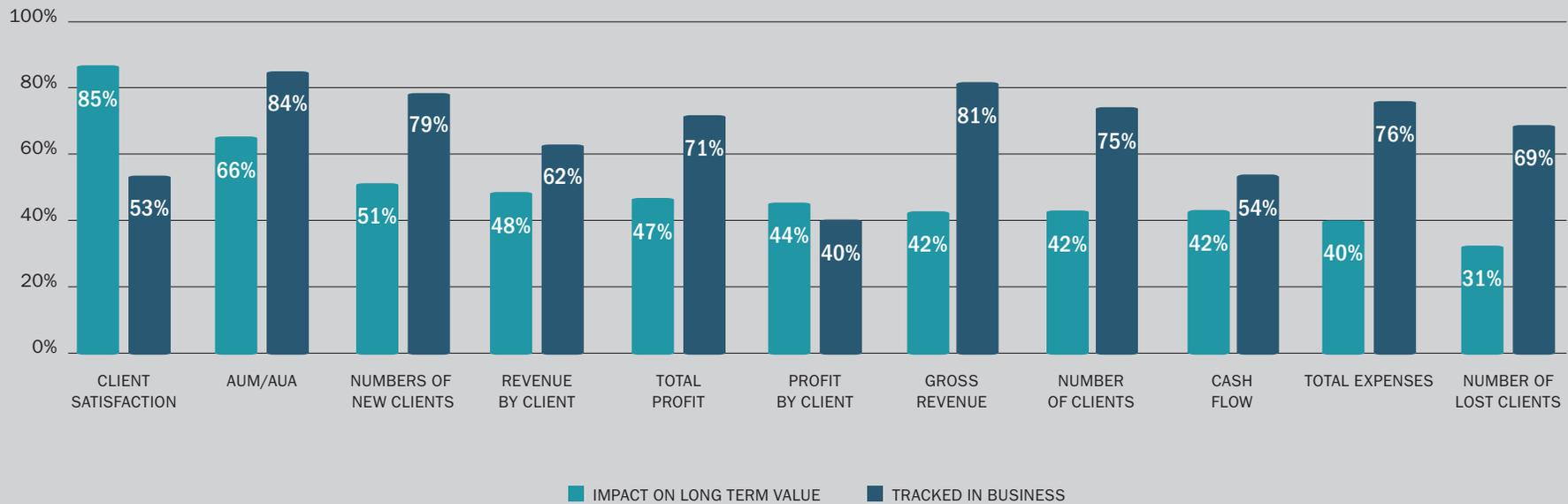
2 OF 5



As a follow-up, we asked advisers what data they were tracking and if and how that compared to what they considered to be important. Client satisfaction is among those with the most substantial gap between the two.

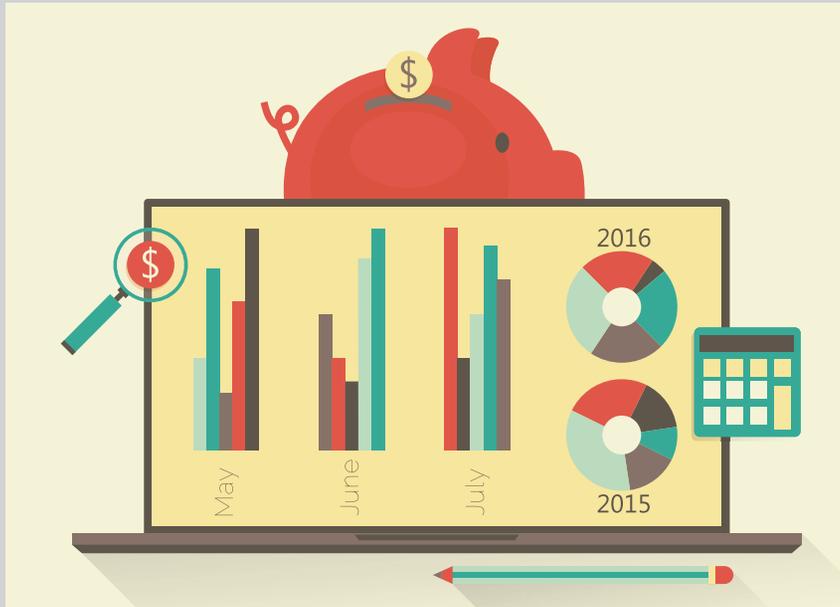
QUESTION: Which of the following do you believe has a meaningful impact on the long-term value of your business?

QUESTION: Which of the following do you track in your business, and which do you share with the team?



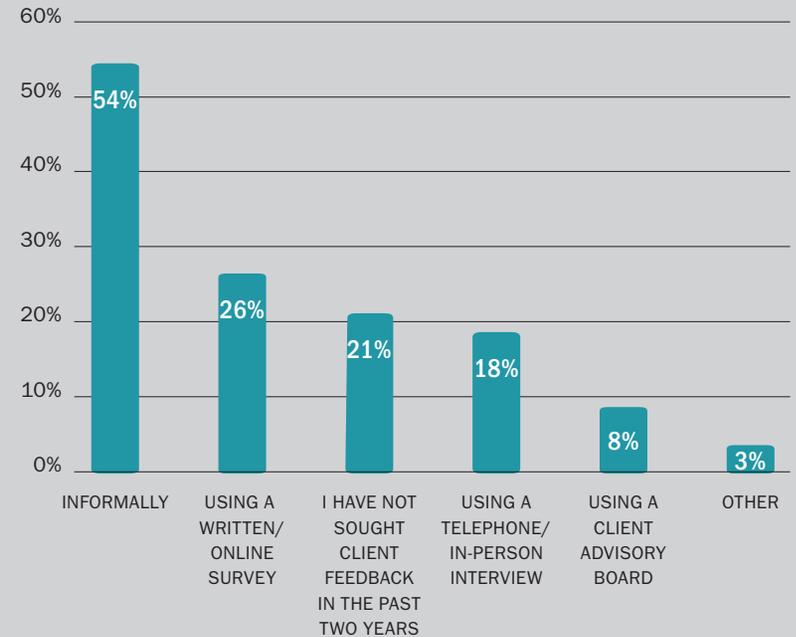
# Tracking: Measuring Value

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Nearly 80 percent of advisers say they measure performance on client satisfaction using client feedback; however, that process is typically informal. As a result, only half of advisers feel they are ‘tracking’ client satisfaction.

QUESTION: How have you asked clients for feedback in the last two years?



# Tracking: Measuring Value

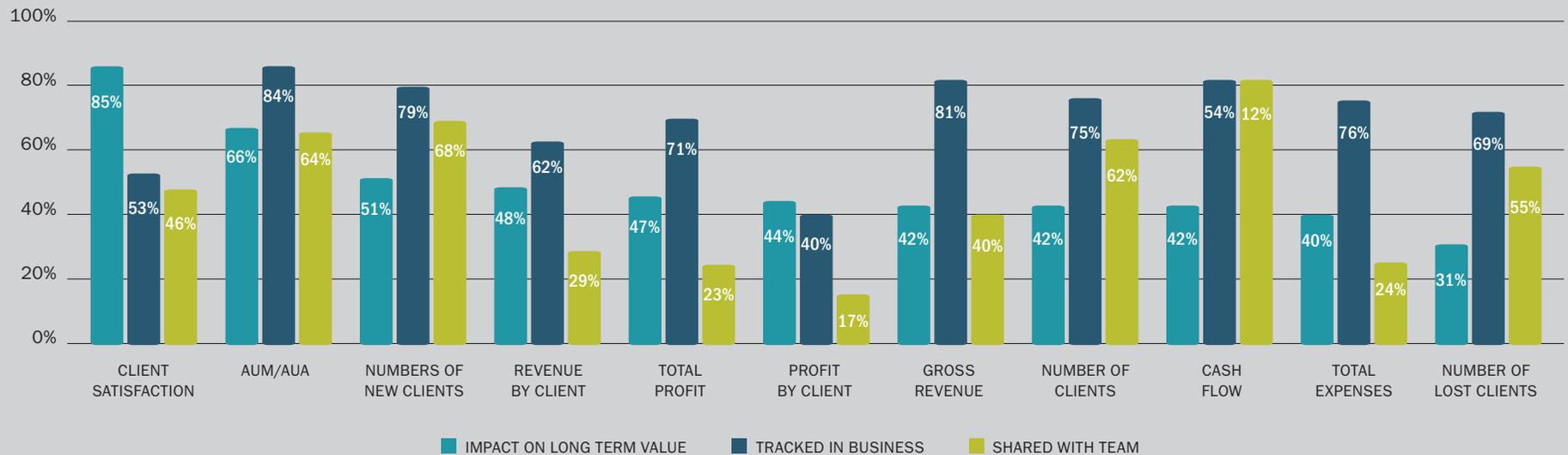
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Finally, we asked advisers if they were sharing the data they were tracking with their teams, suggesting some form of ‘open-book’ management. The biggest gaps between what is tracked and what is shared relates to key financial metrics, including assets under management, revenue, expenses and profit.

**QUESTION:** Which of the following do you believe has a meaningful impact on the long-term value of your business?

**QUESTION:** Which of the following do you track in your business, and which do you share with the team?



# Tracking: Measuring Value

4 OF 5



**The Goal:** Build a team that can execute on your value proposition and provide them with the tools and accountability to add significant value.



## 1. Identify drivers of value.

Identify the things that you feel drive the most significant value in your business, using the preceding charts as a starting point.



## 2. Create a tracking process.

Identify how you can formally track information on each, including the source of data, the process and the responsibility. Remember that both client and team satisfaction may be part of what drives overall value.



## 3. Document sharing.

Determine what information you will share with the team, balancing privacy with the potential to create increased buy-in and ownership.

# The Action Plan

BRINGING IT ALL TOGETHER



STRATEGY	TACTIC	NOTES	DEADLINE
PROCESS 	Map out client journey.		
	Identify key processes associated with client journey.		
	Define, standardize and automate each process.		
TEAM 	Define roles in ideal structure and identify gaps.		
	Define accountabilities for each role.		
	Create performance review process.		
	Define development plan for team members.		
	Educate clients on roles of team.		
TRACKING 	Identify drivers of value in business.		
	Create tracking process for key drivers of value.		
	Determine plan to share critical information with team.		

OPERATIONALIZING THE DELIVERY OF YOUR VALUE

# Final Comment

This whitepaper acknowledges that when you define value you are making a promise to your clients and to your prospective clients. Once made, you need to ensure that you can deliver on that promise effectively and efficiently. Using your ideal vision of a valuable client experience as a starting point, ensure that you have the process and support you need to take action.

## Additional Resources

The Financial Planning Association (FPA) has several other resources for you to use as you work to understand and communicate your value.

**FPA Practice Management Resources** – a terrific vault of content on all areas of practice management, including marketing and brand development.

**Delivering Prestige Efficiently** (from the FPA Practice Management Blog)

**3 Ways to Find the Flip Side of Failure** (from the FPA Practice Management Blog)

**5 Key Elements to Deliver Empathetic Service and Gain Client Loyalty** (from the FPA Practice Management Blog)

**On-Demand Webinar: Turning Practice Management into a Marketing Solution** (from the FPA Professional Development Center)

Have questions about how other financial planners are operationalizing value in their businesses? Pose a question on **FPA Connect**, your virtual community of thousands of FPA members, and find out today.

OPERATIONALIZING THE DELIVERY OF YOUR VALUE

## About the Author



Julie Littlechild is the Founder of [AbsoluteEngagement.com](https://www.AbsoluteEngagement.com) and has worked with and studied top-producing financial professionals, their clients and their teams for twenty years. She is a respected researcher, a recognized expert on driving deeper engagement and popular speaker. For more industry insights, Julie's blog is at [www.absoluteengagement.com/blog](https://www.absoluteengagement.com/blog).

