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PRACTICE INTELLIGENCE

Narrow your client focus to increase your results

| By John Comer, CFP®



"It took me 15 years to realize what a target market can mean to a practice," said Deborah Fox, CFP®, in San Diego, Calif. "I was killing myself with work, trying to be everything to everybody. I didn't realize how much it allows you to be more efficient when you have a focus—and how much easier it was to get referrals. Specialists are always in higher demand than generalists."

Fox wasn't a newcomer to the profession when her revelation hit; she already had 15 years experience. That's when two clients independently asked her about college funding for their high school students. Lacking good answers, she researched the topic.

"I was floored when I realized certain proactive things could be done that would make such a big difference," she said.

After adding college funding to her services, colleagues in her study group

asked her to share ideas with them. A local reporter wrote a story about her techniques. As word spread, more and more clients asked her about college funding work. Fox College Funding now has 60 advisers in 25 states.

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Penetrating a target market

As you narrow your client focus through target marketing, your effectiveness will increase. You should identify a group of prospects by

- common characteristics
- common needs and
- common communication systems

The marketing approach adds a common communication system (meetings, a newsletter, and common offices if you're focused on a corporation) to a specialization or niche so you can efficiently communicate with your niche.

The term target marketing also is used by internet marketers and direct mail companies. Although those two techniques could be a part of a target marketing strategy, the key piece to target marketing is developing relationships with the people in the market. You develop a relationship through your personal involvement in the market. For instance, Fox gets personally involved by speaking to other professional advisers and in the community.

Amy Jensen Wolff, CFP®, principal of AJW Financial in Minneapolis, Minn., helps women through the transitions in their lives, particularly, through divorce. Besides speaking to professionals, she is on the board and a committee member of the Collaborative Law Institute. This work helps Wolff demonstrate her passion for helping clients and helping the industry better serve clients.

Jeff Crosby, CFP®, is a senior financial adviser and principal of Crosby &

Associates, a financial advisory practice of Ameriprise Financial Services. He's based in Bellevue, Wash., and began building a relationship with Microsoft in 1995. He has worked on that relationship via one-on-one and small group meetings with executives and employees. Crosby also has a formal employee education agreement to conduct seminars for the employees. The long-term effort that he put in targeting Microsoft has paid off, and he now delegates responsibilities for the employee seminars to others—while he focuses on the company's leaders.

For 13 years Charlie Fitzgerald, CFP®, principal of Spraker, Fitzgerald, Tamayo & Moisand, LLC, worked at AT&T before becoming a financial planner. After he left that company, he initiated drip marketing to 400 of his former co-workers. He also met with employees individually and in “lunch and learn” sessions. Two years after he started his practice, AT&T announced

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a layoff in the local community and 35 to 40 employees came to Fitzgerald to better understand their benefits, the buy-out offer and their options.

Not long ago, someone organized a reunion of AT&T employees. When Fitzgerald heard a few invitees were concerned about the cost, he paid \$1500 to sponsor the event and found other sponsorship totaling \$6,000. These funds subsidized the attendees' cost and later brought him new clients. The organizer, one of Fitzgerald's clients, publicly thanked him and proceed to deliver a 10-

minute endorsement at the event.

Identifying a target market

Fitzgerald focused on his previous employer as his target market. Reviewing your natural market is a great starting point for selecting your target market, but it is not the only way. Fox found her market by accident: clients requested information and her devotion to finding a solution led her to develop expertise in the market.

At her previous job, Wolff noticed that its client base included many single women and that she enjoyed working with them. When she started her own firm nearly three years ago, women going through a transition became her main focus.

To identify your target market, start with a review of your client base. Segment that base using some type of financial benchmark (one option would be assets under management, and then group clients by those with \$100,000, those with \$500,000 and those with \$1 million or more). Create benchmarks appropriate your practice, and then profile the top 25 or 30 clients.

Review those profiles to identify three or four clients with common characteristics, common needs and common communication systems. Ideally, you will identify a few possible markets through this process. Through research into market potential, accessibility and fit, you can select one or two markets to focus on.

Sometimes that research uncovers obstacles—like finding out midway through an informational interview with your target company that it has just announced layoffs. For Fitzgerald, such a layoff was an opportunity because he had been laying the groundwork for two years. However, if you're a planner that is just beginning in a market, similar news may force you to shift your focus to a different target.

Unless you are lucky enough to fall into a special situation like Fitzgerald, expect to take two to three years to

Target marketing is an approach in which marketing initiatives are directed at a specific, identifiable group that shares

- common characteristics
- common needs and
- common communication systems.

One of the key objectives of target marketing is to establish a relationship with the target group. Strive to be seen as a member of the group, not an outsider seeking to sell something to the group.

IDENTIFY YOUR TARGET MARKET

Identify candidates for a target market by:

- ✓ Reviewing your existing client base for clients with common interests,
- ✓ Identifying your personal interests and associations,
- ✓ Surveying your natural market,
- ✓ Exploring companies or industries with local potential or
- ✓ Searching for groups that need a specialty you have developed

firmly establish yourself in a target market. This is a substantial commitment. Yet, according to the 2004 *FPA Financial Performance Study*, “advisers who are selective about client acceptance reap substantial benefits. [Firms that have 80 percent or more of their clients on target] generate more revenue and more income per owner.”

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John Comer, CFP®, is based in Plymouth, Minn., and coaches financial planners to help them acquire affluent clients (www.jcomerconsulting.com). This is his first contribution to Solutions.

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