



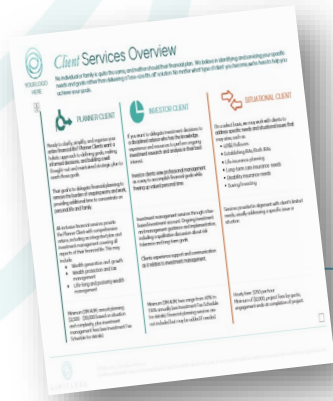
5-STAR SERVICE MODEL

Best Practices Guide & Practice Resources

Building a 5-Star Service Model

A SYSTEM THAT SERVES EVERYONE

Scaling your services doesn't mean watering down your value. Define client profiles, segments and service levels to systematize your specialized process, delivering a client experience that surprises and delights. You can deliver predictable, proactive, personalized service in an efficient and enjoyable way.



1. Define Client Segments



2. Analyze Current Client Base



3. Identify Changes



4. Detail Service Offerings



5. Make Changes
Launch New Service Model and/or Plan Transitions



6. Deliver Deeper Value & Gain Back Your Time



Service Model: Best Practices

ESTABLISH A SUSTAINABLE SERVICE MODEL



STEP 1: DEFINE CLIENT SEGMENTS

The first step to wowing your clients is to provide them with a defined service offering so their expectations are clear from the get-go. We recommend creating a high-level overview and a detailed internal service matrix to help spell out all you do.

- **Define your ideal client profile:** Delivering an amazing experience means aligning your services with your ideal clients. Who are they? What do they need? What are their pain points? Having this clarity is a prerequisite to building a “WOW!” service experience, as it will tell you what service offerings will be ideal for your firm. If you have not yet done so, take the time review the Nailing Your Niche lesson and complete the Define Your Niche worksheet.

Developing one ideal client profile is a best practice, but as firms grow and expand, multiple client profiles may be appropriate. Keep in mind that serving various client profiles will likely require you to create varying levels of service to match.

- **Define service offerings & segments:** Once you have your client profiles, use the Defining Your Services worksheet and Client Service Matrix to create the framework, levels of service and client segments to which they apply. Remember that the more services and segments you have, the greater the complexity.

Below are a few examples of how you can segment services and clients:

Example 1: Based on services rendered. You likely have one ideal client profile but find clients want different services. If so, a service-based segment may be an ideal fit for you.

- **Planning clients:** Clients who want comprehensive investment-management and financial-planning services
- **Investment clients:** Clients looking for investment advice only
- **Collaborator clients:** Clients for whom you perform a situational service (e.g., life insurance or hourly planning); this may be your “exception” segment

Example 2: Based on financial offering. If you have one core service offering or are focused on a niche, you may find that financial (AUM or revenue) based segmentation that aligns financial complexity with services is a good fit for your firm. Internally, these are often referred to as “A, B, C” or “Platinum, Silver, Bronze” models. We recommend having a client-friendly naming convention unique to your brand.

Example 3: Based on life stage. Your clients may have similar profiles, characteristics or professions but be at varying stages of life or business. If so, a life-stage-based model may be an ideal fit for you.

- **Accumulation clients:** In the early phases of financial planning, these clients often need help with purchasing homes, planning for family and saving for retirement.
- **Nearing Retirement:** These clients might need help with AUM and financial planning.
- **Distribution:** Clients for whom you perform a situational service (e.g., life insurance or hourly planning); these may be your “exception” segments

Detailing your services: As a starting point, use the Defining Service Offerings and Client Services Overview worksheets to define the core services you provide (i.e., number of client meetings, check-in calls, value-adds, etc.).



STEP 2: ANALYZE CURRENT CLIENT BASE

Before you commit to a new service model, it’s important to determine whether you can profitably deliver the services you’ve outlined. This is often an eye-opening exercise for advisers, as identifying one or more segments of unprofitable clients can surface.

- **Client Segmentation & Fee Analysis (provided Excel® tool):** Use this tool to segment and analyze your current client base, while also assessing the impact of potential changes to your fee schedule.
- **Complete a Client Profitability Analysis (provided Excel® tool):** Use this tool to assess the profitability of your current service model and client base. This information will help you later as you define your ideal client profile, segments and service offerings.

These tools will help you make informed decisions about your services, fees and clients. Once you’ve done your preliminary analysis, you will often need to make changes to your model or client base to finalize the model.



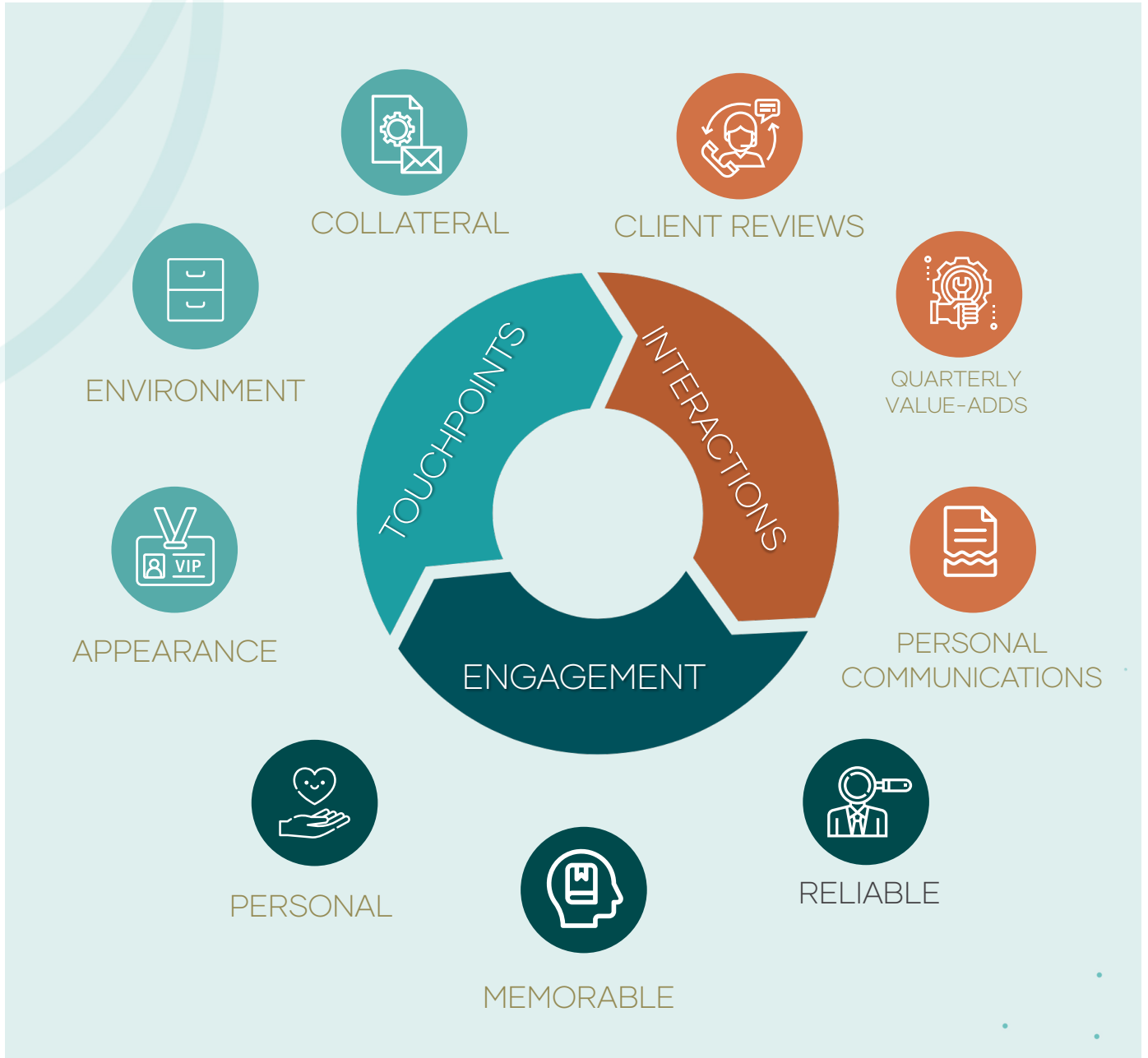
STEP 3: IDENTIFY CHANGES

Critical to the success of your service model are processes that allow your time and efforts to be as efficient and impactful as possible. With the services defined, you can establish key operating processes and procedures for each service and identify what changes are most important. Your goal is to create scalability and a proactive support model for clients. Use your Client Service Matrix as a starting point for defining the processes, and consider the following:

- Standardizing minimums and fees
- Creating service and response standards
- Establishing a Client Review Process
- Building a system for proactively connecting with clients
- Delivering consistent value-adds
- Developing policies and practices for fixing mistakes

- Establishing a Client Intelligence System

These systems will give you the time and freedom to customize your advice and delight your clients. To deliver that “WOW!” experience, get to know your clients. Understand their journeys and lives, and then capture that information and use it to craft their experience. Remember, it’s the little things that matter.





STEP 4: DETAIL SERVICE OFFERINGS

Detailing your service offerings is an important step that will help you differentiate what you are offering each type of client you serve. Use the below tool to create your matrix.

- **Client Service Matrix (provided fillable PDF):** Use this tool to define what services are provided, who receives those services and how often they are delivered. This tool can also help identify the internal processes needed to support your service model.
- **Client Services List (provided PDF):** Review this list for possible service offerings.



STEP 5: MAKE CHANGES

Now is the time to launch your new service model and/or plan client transitions. Once you have finalized your model, review your existing client base to identify those who will be impacted by the change. They might need to transition to another adviser, a new service level or even a new fee schedule. For these individuals, build a client transition and communication process.

In-Practice: *Service Model*

IMPLEMENTING YOUR SERVICE MODEL

Once you have defined your service model, you need to develop packaging and a plan that will create a seamless experience for prospects. This should be a sustainable, enduring business model you can rely on.

PACKAGING YOUR OFFERING

You need more than just a service model; you need a way to clearly and concisely articulate that model to prospects and clients. Done well, this packaging will have prospects and clients saying, "This is me. I need this level of service."

To start, be sure to update relevant client-facing pieces, which may include websites, client-services summaries or brochures, fees schedules, ADV and more. To give you some ideas, examples are available from our Faculty and Adviser Success Coaches.

TRANSITIONING NEW CLIENTS

New clients won't need to transition to your new model; you can begin offering them your new services starting today. Use the Client Services Overview as a starting point to develop a client-facing service offering to share with prospects. The goal is to integrate sharing your service offerings into your prospect process.

TRANSITIONING EXISTING CLIENTS

You've worked hard to gain the trust and confidence of existing clients. We understand that even the thought of making a change can be nerve-wracking, but with a solid transition and communication plan in place, you can transition clients with ease. To build your own transition plan, use the Client Transitions Guide to walk through the 10 steps of a successful transition.

- Client Transition Tracker (provided **Excel®** tool): Use this worksheet to develop and customize your client communication and transition plan. This can be used for multiple types of client communications and transitions such as fees changes, segment/service level changes and adviser transitions.
- Service Model Transition Resources: Reference scripts and templates in this short guide that will help your transition process.

Our experience suggests that the transition is often harder for you than it is for clients. You might be worried about what clients will think of you, that some will seek a different adviser or that changing will affect your standing in the community. These fears only prove that 80% of the roadblocks to your success come from your own mindset, not the transition process itself.

As you think about communicating any necessary changes to clients, listen to the voices in your head. What are they whispering? If it's not good, those voices are not your friends. Your first step is to shift your mindset.

5-Star Service Model Resources

Please see the online lesson "5-Star Service Model" for resource and samples.

Client Intelligence Form (TEMPLATE)

PERSONAL INFORMATION

Name: _____
 Preferred Name: _____
 Birthday: _____
 Married / Partner: _____ Anniversary: _____
 Personal Career: _____
 Education: _____
 Business Name: _____
 Total Net Worth: _____

FAMILY MEMBERS
 Provide the list of immediate/important family members. Consider pets as many people consider them members of their family.
 Name Relationship Birthday Notes

Are there any unique family dynamics or history we should be aware of?

CELEBRATIONS & MILESTONES

List relevant celebrations and milestones that have or will occur for the client and/or their family members. If the event is significant enough, include the gift / what we did for the client.
 Who What When What we did?

Sample Internal Service Matrix

Service Tiers	Tier 1	Tier 2	Tier 3	Tier 4
Review Meetings, Calls & Adviser Access				
In Person Meeting	2x/yr	1x/yr	n/a	n/a
Phone Meeting	n/a	n/a	1x/yr	n/a
Just Because Calls	2x/yr	1x/yr	n/a	n/a
Offer for Review Meeting	n/a	n/a	n/a	1x/yr
Additional Access (turn around, add'l mtg rec)	Priority	Standard	Standard	n/a

Service Based

Goals Based Planning Light	n/a
Financial Plan Development	Yes
Financial Plan Updates	1x/yr
Investment Objective Confirmation	1x/yr
Systematic Portfolio Review	Qtrly
401k Review	1x/yr
Cash Flow / Budget Review	2x/yr
Liabilities Analysis	1x/yr
Education Funding Review	1x/yr
Social Security Analysis	1x/yr
Beneficiary Review	2x/yr
Power of Attorney Review	5 yr cycle
Life Insurance Review	5 yr cycle
Long Term Care Review	5 yr cycle
P&C Insurance Review	5 yr cycle
Estate Plan Review	5 yr cycle
Year and Tax Planning	1x/yr Q4
Stock Option Analysis	As needed
Charitable Gifting Strategies	As needed
Coordinate mtg with CPA or Att'y	As needed

Analysis Input:

Tier	Tier Name	Average Revenue	Current Number	New Per Cap	Adv Hrs 1 Yr	Staff Hrs 1 Yr
1	Tier 1 Name	\$12,000	4	3	8	16
2	Tier 2 Name	\$5,000	13	8	10	8
3	Tier 3 Name	\$1,200	45	0	9	6
4	Tier 4 Name	\$ 500	56	0	4	5

Expenses & Weighting Methods

Expenses	\$126,000
Weighting method for assigning expenses to clients:	Revenue

Adviser Name	Hrs	Adviser Name	Hrs	Adviser Name	Hrs
Rico Suave	1800	Name 4	0	Name 7	0
Jana Doe	1400	Name 5	0	Name 8	0
Name 3	0	Name 6	0	Name 9	0

Profit Calculat:

Tier	Revenue	Overhead	Profit	Profit Per Client
1	\$ 48,000	\$ 31,015	\$ 16,985	\$ 4,246
2	\$ 65,000	\$ 42,000	\$ 23,000	\$ 1,769
3	\$ 54,000	\$ 34,992	\$ 19,108	\$ 4,25
4	\$ 28,000	\$ 18,092	\$ 9,908	\$ 177
Firm Totals	\$ 195,000	\$ 126,000	\$ 69,000	\$ 585

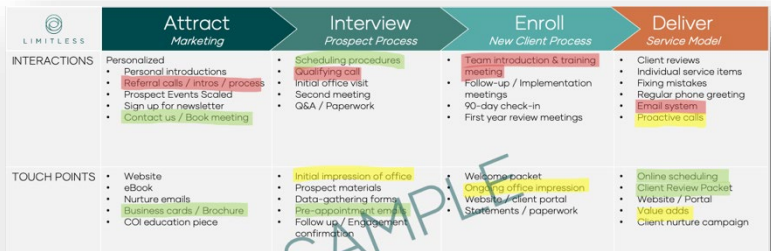
Future Projection: Growth trends are based upon client growth per tier. Total Available Adviser (ADV) capacity = 3200 HOURS 1 YR

		Year 1				Year 3				Year 5				
# of Client	% of ADV	ADV	Staff	Profit (\$)	# of Client	% of ADV	ADV	Staff	Profit (\$)	# of Client	% of ADV	ADV	Staff	Profit (\$)
1	4%	32	64	\$ 16,985	10	3%	80	160	\$ 76,427	16	4%	128	256	\$ 143,519
2	13%	130	104	\$ 23,000	29	3%	230	232	\$ 32,345	45	14%	450	360	\$ 168,186
3	45%	405	270	\$ 19,108	45	13%	405	270	\$ 34,392	45	13%	405	270	\$ 40,365
4	56%	224	280	\$ 9,908	56	7%	224	280	\$ 17,833	56	7%	224	280	\$ 20,330
OTA	118	25%	791	\$ 63,000	140	31%	959	942	\$ 221,000	162	38%	1207	1166	\$ 373,000



SERVICE MODEL TRANSITIONS

Resources for Transitioning Clients to a New Service Offering



Client Communication & Transition Tracker

Instructions: Use this worksheet to develop and customize your client communication and transition plan. This can be used for multiple types of client communications and transitions such as fees changes, segment/service level changes and adviser transitions. Feel free to add and remove columns to needed to track your specific plan.

Transition Group	Description	Transition Options	Transition Start Date	Communication Type			Transition Follow Ups
				Letter	Call	Meeting	
Group 1	No changes for them	n/a	4/30/2018	Yes, general letter	n/a	n/a	n/a
Group 2	Moving up a service tier	n/a	4/30/2018	Yes, improved services letter	n/a	n/a	Review meeting follow-up
Group 3	Transition out	Meet min level of service / fees or rec'd new adviser	6/30/2018	Yes, new services letter	No	n/a	n/a
Group 4	Moving down a service tier	Increase service/fee or stay at new model or rec'd new	8/31/2018	Yes, new services letter	Yes	n/a	1 follow-up call
Group 5							
Group 6							
Group 7							
Group 8							